



TransPeshawar (The Urban Mobility Company)
A company set up under section 42 of the companies ordinance, 2017

Annual Report 2020-21

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021



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1. COMPANY PROFILE

The Government of Khyber Pakhtunkhwa (GoKP) has been working over the last few years to develop institutional structure for urban renewal, which is fit for the 21st century with a focus initially on Peshawar. Peshawar is a city of over 1.6 million with the population expected to increase to 3 million by 2030.

One of the major problems in urban mobility is the lack of quality transport, which hinders economic development, and impacts the quality of life on daily basis. The current provision of transport is mainly provided by informal public transport facilities composed mainly of large and medium size buses and popular pick-ups. These provide 70% of the total transport demand but represent only 43% of the traffic. The bus fleet is in decay, bus stops are rudimentary, ticketing system is obsolete; operators compete for passengers worsening congestion and impairing safety particularly for female and young passengers.

The organisational framework for urban transport is fragmented with overlapping responsibilities between provincial and local/district level with at least 14 departments/ agencies involved with their own priorities. Transforming transport as part of urban renewal can assist and act as incentive for inward investment and economic regeneration.

CDIA (City Development Initiatives for Asia) in 2014 provided support to the GoKP to assist with the institutional legislation and framework and link the Peshawar BRT to ADB financing. This was completed in December 2014, this TA (Technical Assistance) provided to GoKP with draft Legislation and supporting documentation for the establishment of the Khyber Pakhtunkhwa Urban Mobility Authority (KPUMA) and the TransPeshawar Company (TPC).

As a result of the above the Government of Khyber Pakhtunkhwa (GoKP) in order to take a strategic approach to urban development including the introduction of a modern BRT system, has put in place a robust institutional framework. The GoKP has streamlined the institutional framework by passing legislation in the Provincial Assembly establishing Khyber Pakhtunkhwa Urban Mobility Authority (KPUMA) and the TransPeshawar Company (The Urban Mobility Company). KPUMA has province-wide remit and is responsible for the development of policies and regulations, planning, coordination, project preparation and funding for all projects related to urban transport system including mass transit, parking, non-motorised transport (NMT) etc. KPUMA board includes representatives from all major municipal and provincial government agencies.

TransPeshawar (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 owned and controlled by the Government of Khyber Pakhtunkhwa.



2. VISION AND MISSION STATEMENTS

To enhance the urban mobility of residents of Peshawar through the bringing of new standards for public transport to the residents of Peshawar, we have the following mission,

“TransPeshawar operates as a cohesive, transparent and professional company to provide a safe, affordable, financially sustainable and efficient public transport system for Peshawar and which places the needs of the passenger as our top priority”.

For this, the system will be accessible for all, and the service standards provided will be consistent with the contract conditions as set by TransPeshawar. All Company staff will work as a single unified team where the end results speak for themselves. For this to be achieved all staff members will support each other, respect each other's views and make decisions which are based on fact and in the best interests of the passenger market – our customers, who ultimately we are here to serve.

3. STATEMENT OF ETHICS AND BUSINESS PRACTICES

To conduct ourselves professionally in a courteous manner consistent with the following guidelines:

- i. Deliver the Declared Project on behalf of KPUMA for the overall benefit of the residents. For the infrastructure and system components, quality of construction and equipment will ultimately determine ongoing maintenance costs. Therefore, quality starts from day one of the construction and system component procurement contracts.
- ii. Our minds are focused on efficiency where we minimise/eliminate the need for operating subsidies by ensuring a financially sustainable preventative maintenance program is implemented and maintained, ensure passenger demand is robust and increases over time and ensure unnecessary overheads are eliminated.
- iii. We ensure public safety, convenience, accessibility and comfort is the priority for all. For this, we will ensure the provision of high quality and reliable transit services at all times.
- iv. We will always remain customer focused and work in partnership with the community. They are the essence of our existence and we will engage with them as necessary to (i) understand their needs, (ii) identify future opportunities for market growth and (iii) build the trust needed to enable our services to become the first mode choice of transport by all, irrespective of economic or social standing.
- v. Our Company services and operations are efficient, while using the most appropriate technology, equipment and service planning available. In helping build customer satisfaction and trust levels, we will readily accept new innovations in technologies, communications, and processes to ensure efficiency and a customer focus.
- vi. We will use the results of regular customer feedback and survey results to improve our services, ensure high level of customer and community satisfaction is maintained.
- vii. We will maintain a creative and safe workplace where each team member has the opportunity to excel.
- viii. We will recognise and reward the efforts of our team members who excel in delivering on our nominated values, code of conduct and operating philosophy.
- ix. We are an equal opportunity employer.



4. CODE OF CONDUCT

Our code of conduct reflects to a large degree, our level of commitment to our mission and our values. The key metrics are:

- i. Commitment to service – at all times we commit ourselves to delivering our Vision and adherence to our values. If we observe an emerging event which will or may have a negative impact on our performance or on that of the passengers, we let our fellow team members know so that appropriate measures can be taken to address the matter.
- ii. Accountability- let us all acknowledge our responsibility to assist in achieving our Vision. Each has a role to play and for this, we are accountable for our actions or non-actions. Therefore, be proactive and seek to deliver excellence in every-thing we do.
- iii. Law abiding – we all comply with the local and National laws and regulations both in spirit and to the letter. In this respect, we conduct our business with honesty and integrity.
- iv. Leadership – we have the opportunity to provide leadership in managing the first third generation BRT system in West Asia. Let us not waste this opportunity. For the company, team leadership will be inclusive and as per our values so that all are encouraged to excel in their specific areas of responsibility.
- v. Understanding – we will strive to fully understand the latest best practice standards of urban mobility planning, implementation, operations, monitoring and maintenance. For this, we shall convene regular team training sessions where latest trends and innovations are shared so that where relevant, such innovations can be applied to our operations.
- vi. Trust – we as professionals require trust and must offer it in return. It is a two-way street. For this, honesty is the underpinning principle we will follow in order to maintain this trust. If we are not aware of an issue, or are not able to find an answer to a problem or an issue, admit it and in accordance with our Company values, the relevant assistance will be provided in a co-operative and inclusive manner as per our Company values.
- vii. Empathy and Tolerance – for many of us, a financially sustainable third generation BRT system is a new experience. So, let us all recognise this and display the degree of empathy and tolerance needed during the initial period of Company establishment and BRT operations so that we are all able to work with the necessary commitment, be innovative and results oriented.



5. CORE VALUES

Our values are simple. By adhering to them, we can achieve our mission, and be a respected entity. They are:

- i. Integrity and respect – act with integrity at all times. We treat others in our team and our customers (the passengers) as we would like to be treated ourselves. With integrity and respect, irrespective of our gender or our position within the Company team. The same applies to the passengers on our services.
- ii. Fact not fiction drives our decisions – Rely on real facts at all times. If we do not know the answer to an issue – admit it and then commit to undertake the necessary assessment to obtain the answer. Then, there is a justifiable case for the decision to be made.
- iii. Innovation – innovation will drive the Company forward. We do not rely on previous out of date data, processes, or technology. We will be at the forefront of these aspects in accordance with the National Transport Policy and be a leading light for urban mobility related entities in Khyber Pakhtunkhwa.
- iv. Results oriented – focus on the needs of the passenger at all times as ultimately our success will be determined by, growth of passenger numbers, mode share and passenger satisfaction levels. This will also assist in maintaining the financial sustainability of the system and a lack of reliance on subsidies for operations.
- v. Teamwork and seamless communication - this is essential if we are to optimise our results. For this, we help each other where required and engage in seamless communication where all data and information is to be shared across the team willingly and in a timely manner. We do not condone the mindset that “knowledge is power”. If assistance is required, we encourage all team members to ask so that the answers and solutions are derived and everyone benefits.



6. CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Shahab Ali Shah
Chairman BoD

Mr. Amjad Ali Khan
Ex Officio, Non-Executive Director

Mr. Manzoor Ahmad
Ex Officio, Non-Executive Director

Ms. Ammara Khan
Ex Officio, Non-Executive Director

Mr. Muhammad Safeer
Ex Officio, Non-Executive Director

Mr. Abbas Majeed Khan Marwat
Ex Officio, Non-Executive Director

Mr. Nauman Afzal Afridi
Ex Officio, Non-Executive Director

Mr. Muhammad Zubair Asghar Qureshi
Ex Officio, Non-Executive Director

Capt (R) Khalid Mehmood
District Nazim

Mr. Dilroze Khan
Independent Director

Dr. Rashid Rehan
Independent Director

Mr. Isaac Ali Qazi
Independent Director

Mr. Muhammad Ishfaq Khattak
Independent Director

Mr. Fayyaz Ahmad Khan
Executive Director

COMPANY SECRETARY

Mr. Safdar Shabir Awan, FCA
T: +92-91-2621393-5



REGISTERED OFFICE

1st Floor, KPUMA Building, Main BRT Depot, Near
NHA Complex, Chamkani, Peshawar, Pakistan.

T: + 92-91-2621393-5

www.transpeshawar.pk

CHIEF FINANCIAL OFFICER

Mr. Safdar Shabir Awan, FCA

T: +92-91-2621393-5

AUDITORS

PKF F.R.A.N.T.S Chartered Accountants

8th Floor, State Life Building, The Mall, Peshawar Cantt,
Pakistan

Tel: +92-91- 5279691

BANKERS

The Bank of Khyber (BoK)

National Bank of Pakistan

LEGAL ADVISOR

Mr. Waseem Ud Din Khattak

Flat No. 5, 3rd Floor, Tasneem Plaza,

Peshawar Cantt.

T: +92-3339400366



7. BOARD AND BOARD COMMITTEES MEETINGS AND ATTENDANCE

7.1 Board of Directors Meetings and Attendance:

The Board of Directors held 6 meetings during the year ended June 30, 2021 to oversee the activities of the Company. The attendance record of Directors at the meetings are as follows;

Director Name	Attendance
Additional Chief Secretary	6/6
Commissioner Peshawar	0/6
Secretary Transport and Mass Transit Department	5/6
DG Peshawar Development Authority	3/6
Additional Secretary Finance	6/6
Chief Economist	2/6
SSP Traffic	5/6
Executive Director, Urban Policy Unit	2/6
Mr. Dilroze Khan	5/6
District Administrator	4/6
Mr. Isaac Ali Qazi	4/6
Dr. Rashid Rehan	6/6
CEO TransPeshawar	6/6

7.2 Audit Committee Meetings and Attendance

The Board Audit Committee held 3 meetings during the year ended June 30, 2021

Director Name	Attendance
Mr. Dilroze Khan	2 / 2
Secretary Transport & Mass Transit	2 / 2
Mr. Isaac Ali Qazi	1 / 2
Additional Secretary Finance	1 / 2

Salient Features and Terms of Reference of Audit Committee

The Audit Committee is, among other things, responsible for recommending to the Board of Directors the appointment of external auditors by Company's shareholders and considers any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors acts in accordance with the recommendations of the Audit Committee in the following matters:

- Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by external auditors of any service to the Company in addition to audit of its financial statements. The Board of Directors shall give due consideration to the

recommendations of the Committee in all these matters and where it acts otherwise, it shall record the reasons thereof.

- Determination of appropriate measures to safeguard the Company's assets.
- Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors.
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
- Ensuring co-ordination between the internal and external auditors of the Company.
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption, abuse of power, criminal activities, and management's response thereto.
- Determination of compliance with International Financial Reporting Standards as applicable in Pakistan and other relevant statutory requirements including SROs, notifications and departmental orders where applicable.
- Monitoring compliance with best practices of Public Sector Companies (Corporate Governance) Rules, 2013 and identification of significant violations thereof.
- The details of all related party transactions shall be placed before the Committee and upon recommendations of the Committee, the same shall be placed before the board for review and approval.
- The related party transactions which are not executed at arm's length price / fair market values shall also be placed separately at each board meeting along with necessary justification for consideration and approval of the board on recommendation of the Committee.
- Assess and analyze all critical accounting policies and practices, compliance with the practices of code of corporate governance, compliance with financing terms, Statutory filings etc.
- Review of all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
- Other material written communications between the independent auditor and management, including, but not limited to, the management letter and schedule of unadjusted differences.
- At least annually, obtain and review a report by the independent auditor.



- In consultation with the independent auditor and the internal audit function, review the integrity of the company's financial reporting processes.
- Periodically review the adequacy and effectiveness of the company's disclosure controls and procedures and the company's internal control over financial reporting, including any significant deficiencies and significant changes in internal controls.
- Review analysis prepared by management and the independent auditor setting forth significant financial reporting issues and judgments made about the preparation of the financial statements, including analysis of the effects of alternative.
- Review, with management, the company's finance function, including its budget, organization, and quality of personnel.
- Conduct an annual performance assessment relative to the audit committee's purpose, duties, and responsibilities outlined.
- Assess and analyze that sufficient system and risk management framework is in place to manage both the strategic and operational risks and operating sufficiently and effectively to identify new or emerging risks and communicate properly.
- Perform any other activities consistent with this charter, the company's bylaws, and governing laws that the board or committee determines are necessary or appropriate.

7.3 Nomination Committee Meetings and Attendance

The Board Nomination Committee held 1 meeting during the year ended June 30, 2021.

Director Name	Attendance
Additional Chief Secretary (Chairman)	1/1
Mr. Dilroze Khan	1/1
District Administrator	1/1

Salient Features and Terms of Reference of Nomination Committee

- To review the structure, size and composition (including the skills, knowledge, experience and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.
- To develop a panel of experts and to identify individuals, based on minimum eligibility criteria and qualification, to become independent members of the Board and to make recommendations to the Board in this regard.
- To assess the independence of independent non-executive Directors.
- To make recommendations to the Board on succession planning for Directors, in particular, the Chairman and the Chief Executive Officer

- To review and make recommendations to the Board on appointment of members of any other Board Committee, including appointment of market experts/professionals, as mandated by the Board.
- Keep under review the leadership needs of the organization, both executive and non-executive with a view to ensuring the continued ability of the organization to compete effectively in the marketplace; to arrange orientation and training programs for members of the Board.
- To devise remuneration policies and remuneration for the directors and market experts/professionals.
- To carry out any other function that may be mutually agreed upon by the Committee and the Board.

7.4 Procurement Committee Meetings and Attendance

The Board Procurement Committee held 1 meeting during the year ended June 30, 2021.

Director Name	Attendance
DG Peshawar Development Authority	1/1
Mr. Dilroze Khan	0/1
Mr. Fayyaz Ahmad Khan (CEO)	1/1
Executive Director Urban Policy Unit	0/1

Salient Features and Terms of Reference of Procurement Committee

- Serves as an advisory forum to suggest measures to streamline the procurement of goods and services.
- Review and recommend special cases of procurement referred by procurement committee of the management for seeking directives of the Committee.
- To ensure higher level of fairness, transparency, integrity, economy and effectiveness for all procurement to fulfil the requirements within the KPPRA Rules and ADB procurement guidelines or other donor agencies as the case may be.
- Identify, review and approve new and innovative procurement practices/ strategies to strengthen, streamline and speedup the procurement process to achieve value for money in delivering the corporate strategies and strategic priorities.
- Review and approve annual procurement plan.
- Review and approve RFP, Tender Documents for projects/tenders which are beyond the limit of management of the Company.
- Periodically review to ensure that the procurements made within limit of management of the Company, over the period, have followed the principles of transparency, economy, value for money and accountability.
- To review and recommend the financial thresholds relating to procurement/contracting of goods, works and services.
- To recommend contract award, contract amendments for the procurement of goods, works or services on periodic basis to the Board of Directors which are beyond the limits of management of the Company.



- To review the performance of contractors, suppliers and consultants who have provided works, goods and services on periodic basis.
- Assign any other tasks assigned by the Board of Directors of TransPeshawar.

Mr. Isaac Ali Qazi	1/2
Dr. Rashid Rehan	2/2
Mr. Fayyaz Ahmad Khan (CEO)	2/2

7.5 HR Committee Meetings and Attendance

The Board Human Resource Committee held 1 meeting during the year ended June 30, 2021.

Director Name	Attendance
Mr. Isaac Ali Qazi	1/1
Commission Peshawar	0/1
Secretary TMTD	1/1
Mr. Fayyaz Ahmad Khan (CEO)	1/1

Salient Features and Terms of Reference of Human Resource Committee

- Finalization of Company Organogram
- Job descriptions, person specification, recruitment plan, selection criteria, advertisement
- Salary component in Company budget
- First version of HR policies and procedures

7.6 Finance Committee Meetings and Attendance

The Board Finance Committee held 1 meeting during the year ended June 30, 2021.

Director Name	Attendance
Mr. Dilroze Khan	1/1
Dr. Rashid Rehan	0/1
Chief Economist	1/1
Additional Secretary Finance	0/1
Mr. Fayyaz Ahmad Khan (CEO)	1/1

Salient Features and Terms of Reference of Finance Committee

- Financial rules and powers of the Company's management.
- Budget of the Company.
- Allocation of one-line budget in Finance Department for the next three fiscal years.
- Bank account opening.
- Recommend any financial, accounting and allied matter to the Board for its approval.

7.7 Operations & Strategy Committee Meetings and Attendance

Two meetings were held of the Board Operations & Strategy Committee held during the year ended June 30, 2021.

Director Name	Attendance
Secretary Transport	2/2
SSP Traffic	2/2

Salient Features and Terms of Reference of Operations & Strategy Committee

- Serves as an advisory forum to suggest measures to streamline company operations to meet company objective.
- Review the operational policies of the company.
- Review and approval of agreements to be signed with Government departments.
- Review of Fare policies for Bicycle and buses.
- Review of Declared Conditions of KPUMA for Peshawar BRT.
- Review of Declared Conditions of Women Bus Project in Mardan and Abbottabad.
- Review of Penalty Notification for ZU System.
- Review of Code of Conduct for Passengers.
- Review of Uniform for Peshawar BRT staff.
- Review of Policy on Restricted Usage of Corridor.
- Review of Route Map and stations names for Peshawar BRT and ZU Cycles.
- Review of Power Delegation to Chief Executive Officer of TransPeshawar.
- Review of policy for card registration and ZU Cycle Membership Policy.
- Review of Policy for notification of procedures regarding collection of Challan.
- Review of policy regarding route permit of Peshawar BRT.
- Review of policies regarding advertisement and commercial revenue generations.
- Review of policies related to complaint management system, lost and found, and card lost policies.
- Review of operational performance of bus operations, company operations and Declared Conditions of KPUMA.
- Review of policies regarding efficient operation which includes buses and bicycles.
- Any other task assigned by the Board of Directors of TransPeshawar.

7.8 Risk Management Committee Meetings and Attendance

No meeting was held of the Board Finance Committee held during the year ended June 30, 2021.

Salient Features and Terms of Reference of Risk Management Committee

- Advise the Board on the company's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments that may be relevant for the company's risk policies.
- Assess and analyse that a sufficient system and Risk Management Framework is in place to properly classify

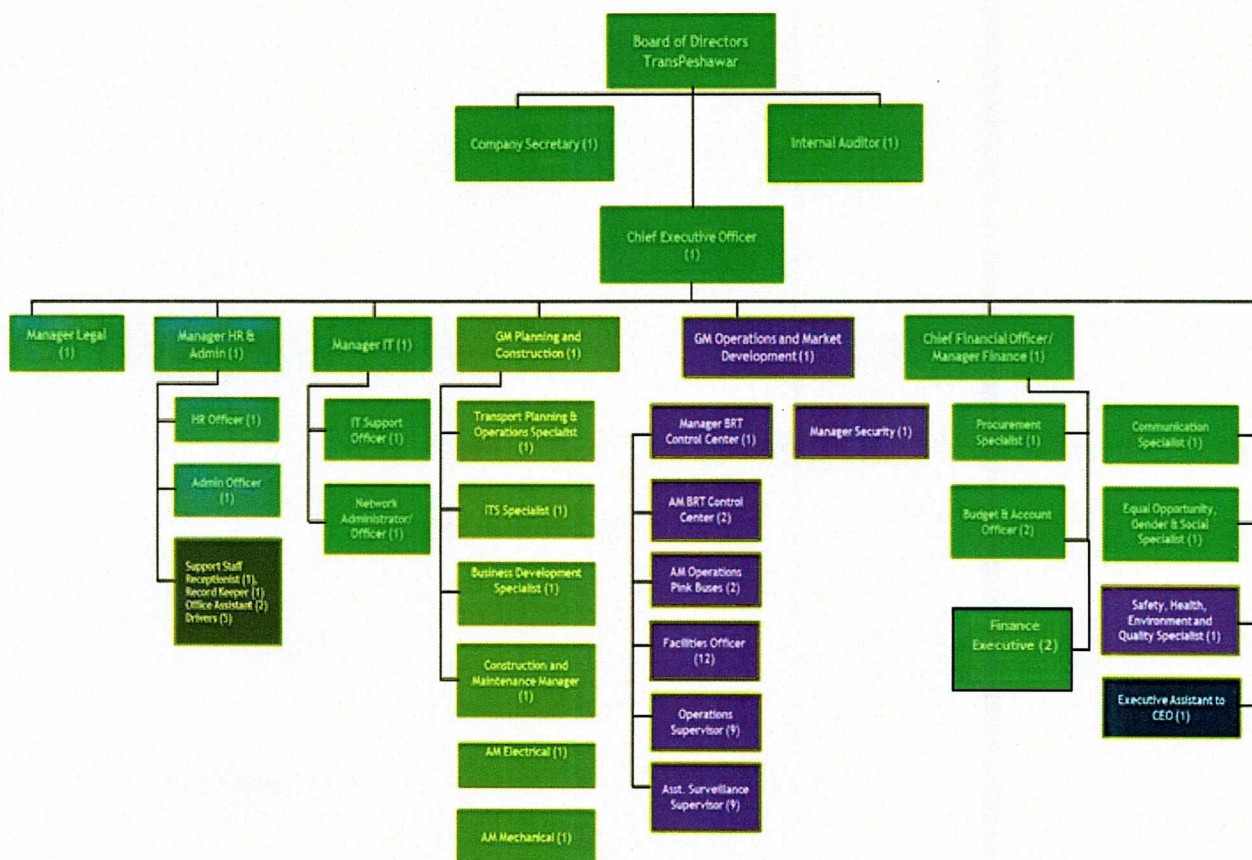


risks, their likelihood (from rare to certain), their consequence severity (from negligible to catastrophic) and an efficient strategy for timely communication.

- oversee and advise the board on the current risk exposures of the company and future risk strategy.
- in relation to risk assessment and subject to overlap with the audit committee:
 - keep under review the company's overall risk assessment processes that inform the board's decision making, ensuring both qualitative and quantitative metrics are used;
 - review regularly and approve the parameters used in these measures and the methodology adopted; and
 - set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- review the company's capability to identify and manage new risk types [in conjunction with the audit committee].
- review reports on any material breaches of risk limits and the adequacy of proposed action.
- keep under review the effectiveness of the company's internal financial controls and internal controls and risk management systems and review and approve the statements to be included in the annual report concerning internal controls and risk management.
- review the adequacy and security of the company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- review the company's procedures for detecting fraud.
- review the company's procedures for the prevention of bribery.
- Any other tasks assigned by the Board of Directors of TransPeshawar.



8. ORGANIZATIONAL CHART





DIRECTORS' REPORT



9. CHAIRMAN'S MESSAGE



Provincial Capital of Khyber Pakhtunkhwa Peshawar is home to millions of people. With rapid urbanization the need for improved and efficient public transport system was required which can also aid to lessen the load of traffic on the roads. It is evident by research that quality mass urban transport service contributes to social inclusion, better employment opportunities, and urban regeneration by increasing people's mobility.

The Government of Khyber Pakhtunkhwa (GoKP), with its dedication, commitment and in the best interest of public, initiated Peshawar BRT (Bus Rapid Transit) project in collaboration with the Asian Development Bank to revamp the existing transport system of the city by replacing old, orthodox, unsafe transport system with state-of-the-art Bus Rapid Transit System. The project is a major undertaking not just in the development of the physical infrastructure of the city but as a catalyst for urban regeneration and economic growth. This public transport system is designed to improve capacity and reliability relative to a conventional bus system which is feeble enough to bear the load.

Peshawar BRT was inaugurated on 13 August 2020 by the Honorable Prime Minister of Islamic Republic of Pakistan. Since operations more than 32 million passengers have travelled in Peshawar BRT till June 2021 and with the passage of time and introduction of new routes the ridership has been increasing. Government of Khyber Pakhtunkhwa is planning addition of further routes with object of extending state of the art transportation service to whole Peshawar. The quality of services provided by TransPeshawar has been praised at different national and international forums.

As a Chairman of the Board of Directors of TransPeshawar, I believe that this mega public transport project has changed not only the face but also the future of Peshawar. I am confident that this will be a valuable asset serving the future generations to come and reflect Peshawar as a modern 21st century city.

Mr. Shahab Ali Shah
Chairman



10. CHIEF EXECUTIVE'S MESSAGE



It gives me immense pleasure to present the third annual report of TransPeshawar (TP). I feel privileged being one of the pioneer employees of this organization and currently to a staff of 61 employees and several outsourcing partners. It's been exciting to see TransPeshawar growing and managing all the challenges. After the successful inauguration of BRT Peshawar on 13th August, 2020 the system comes as a great resolve to provide safe, affordable, inclusive and reliable transport for the residents of the city.

The project is significant and designed to be accessible to all members of the community, may these be working professionals, businessmen, students, household women, children, wheelchair users, people with disabilities and the elderly who are often not served well by the old transport services. This 3rd Generation Bus Rapid Transit is first of its kind in entire Pakistan. This system serves as a lifeline for the residents of Peshawar in their daily lives, especially for those with low income and students. Peshawar BRT offers several unique features such as Bike sharing system (last mile connectivity through bicycles), Mobile app for passengers to plan journey & find the real-time location of buses/bicycles, payment of fares through a mobile application, and environmentally friendly hybrid diesel-electric buses to ensure safe and secure travel.

The response of general public since start of operation of Peshawar BRT has been tremendous. The daily ridership is witnessing an increase on the daily basis and has crossed 250,000 passengers/day. Peshawar BRT has been praised by different national and international institutions for the quality of services, gender inclusiveness and user friendliness for differently abled persons.

As a Chief Executive Officer, I sincerely hope and wish that together with the support of Government of Khyber Pakhtunkhwa, our partners, consultants, and TransPeshawar team, we are able to deliver the best of transportation services for citizens of Peshawar.

Fayyaz Ahmad Khan
Chief Executive Officer



11. FINANCIAL REVIEW

Total grant received from Government of Khyber Pakhtunkhwa is Rs. 199.636 million in respect of duties and taxes on import of BRT Fleet and System Control Goods and Services (ITS), Bus Industry Restructuring Program (BIRP) and TransPeshawar operational expenditure. Funds received from Asian Development Bank (ADB) under the loan No. 3543-Pak is Rs. 1,294.93 million which is in the form of direct payment to contractors, consultants and suppliers. Total expenditure of the Company for the year ended 30 June 2021 is PKR 3,981 million which shows an increase of Rs. 3,118 million (1182%) as compared to the previous year.

During the year, operations of the company started in full swing that resulted in significant increase in total expenditure of the company. An amount of Rs. 2,373 million has been paid in respect of operations and maintenance. An amount of Rs. 171.7 million and Rs. 90 million has been paid for Bus Infrastructure Restructuring Program (BIRP) and to the consultant for Operational Design & Business Model of BRT.

Income generated from operations of BRT from August 2020 till June 2021 amounted to Rs. 738.6 million. Income of the company comprises of BRT Fare Income (Rs. 677.04 million) and sale of Zu Cards (Rs. 60.7 million).

Salaries expense of the company increased by 38% due to the annual increment and hiring of additional operational staff for BRT operations.

Net operating assets increased by Rs. 5,856 million as a result of capitalization of BRT Vehicles, Chargers and ITS System. Accordingly, a decrease in advances of 88% and an increase in Receivables from ADB 249% is recorded in the current financial year.

Accrued and other liabilities increased by Rs. 2,022.142 million. The major increase is attributed to payable of Rs. 1,090.22 million in respect fleet buses accepted (to M/s Xiamen Golden Dragon), Rs. 1,111.42 million in respect of ITS system (to M/s LMKR, Santel & E-Hualu) and payable of Rs. 85.44 million in respect of ODBM consultancy fee.



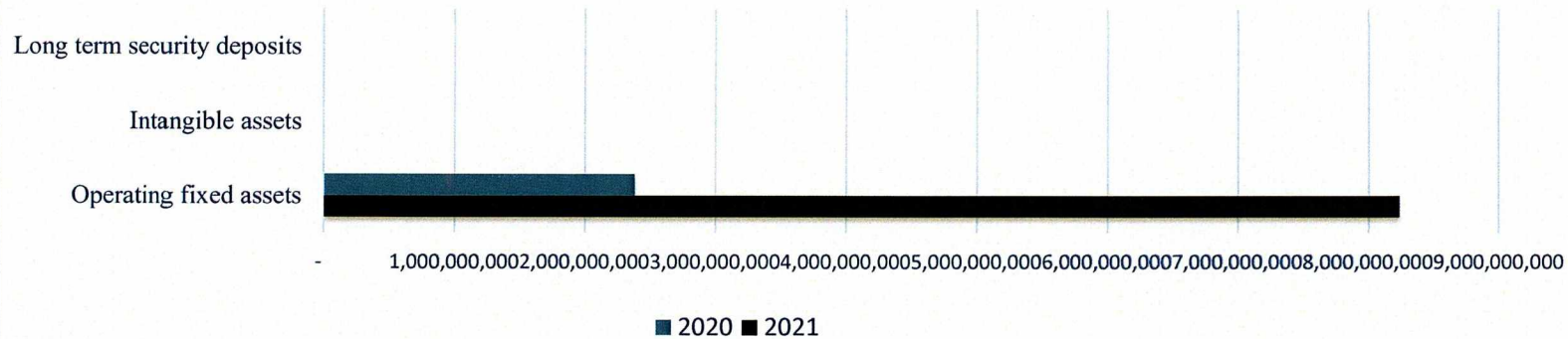
11.1 HORIZONTAL & VERTICAL ANALYSIS – STATEMENT OF FINANCIAL POSITION

Particulars	JUNE 30, 2021	JUNE 30, 2020	Variance		
			Amount	Vertical %age	Horizontal %age
Non Current Assets		Restated			
Operating fixed assets	8,239,847,088	2,383,467,669	5,856,379,419	63% ↑	246%
Intangible assets	2,874,108	-	2,874,108	0%	
Long term security deposits	430,000	300,000	130,000	0% ↑	43%
Total Non Current Assets	8,243,151,196	2,383,767,669	5,859,383,527	63% ↑	246%

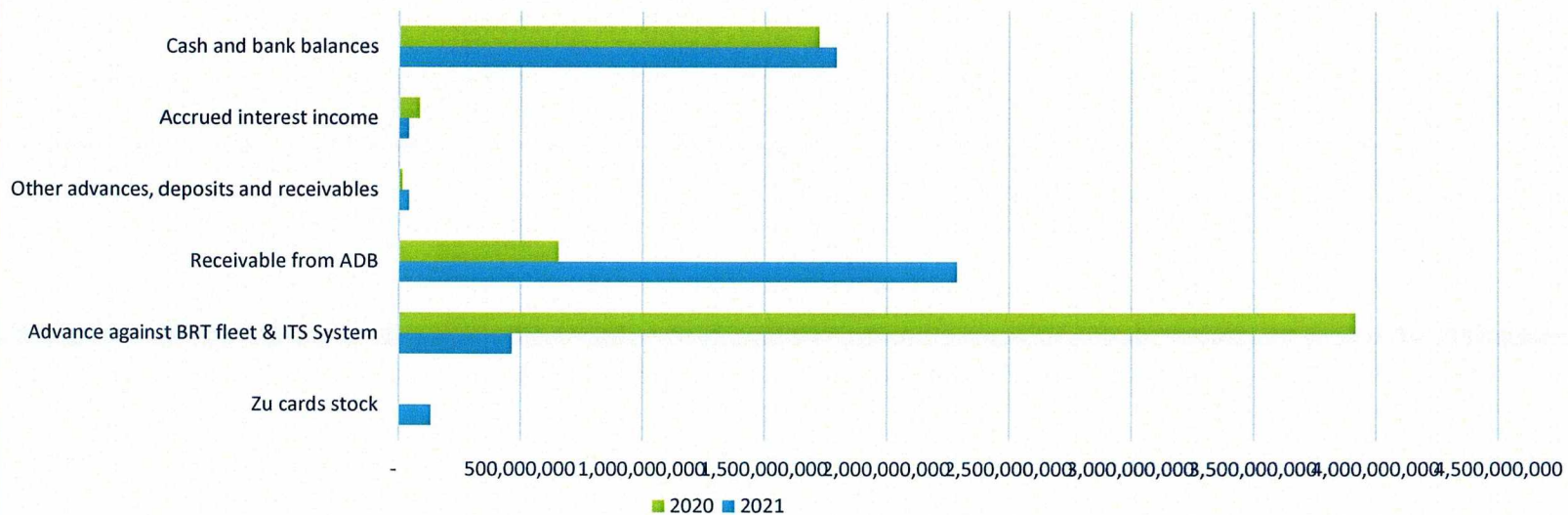
Particulars	JUNE 30, 2021	JUNE 30, 2020	Variance		
			Amount	Vertical %age	Horizontal %age
Current Assets		Restated			
Zu cards stock	131,828,474	-	131,828,474	1%	
Advance against BRT fleet & ITS System	464,103,291	3,916,046,820	(3,451,943,529)	4% ↓	-88%
Receivable from ADB	2,286,708,057	655,117,759	1,631,590,298	18% ↑	249%
Other advances, deposits and receivables	41,954,083	13,916,647	28,037,436	0% ↑	201%
Accrued interest income	40,482,988	84,025,145	(43,542,157)	0% ↓	-52%
Cash and bank balances	1,793,220,309	1,722,842,257	70,378,052	14% ↑	4%
Total Current Assets	4,758,297,202	6,391,948,628	(1,633,651,426)	37% ↓	-26%



Non Current Assets



Current Assets





Total Assets

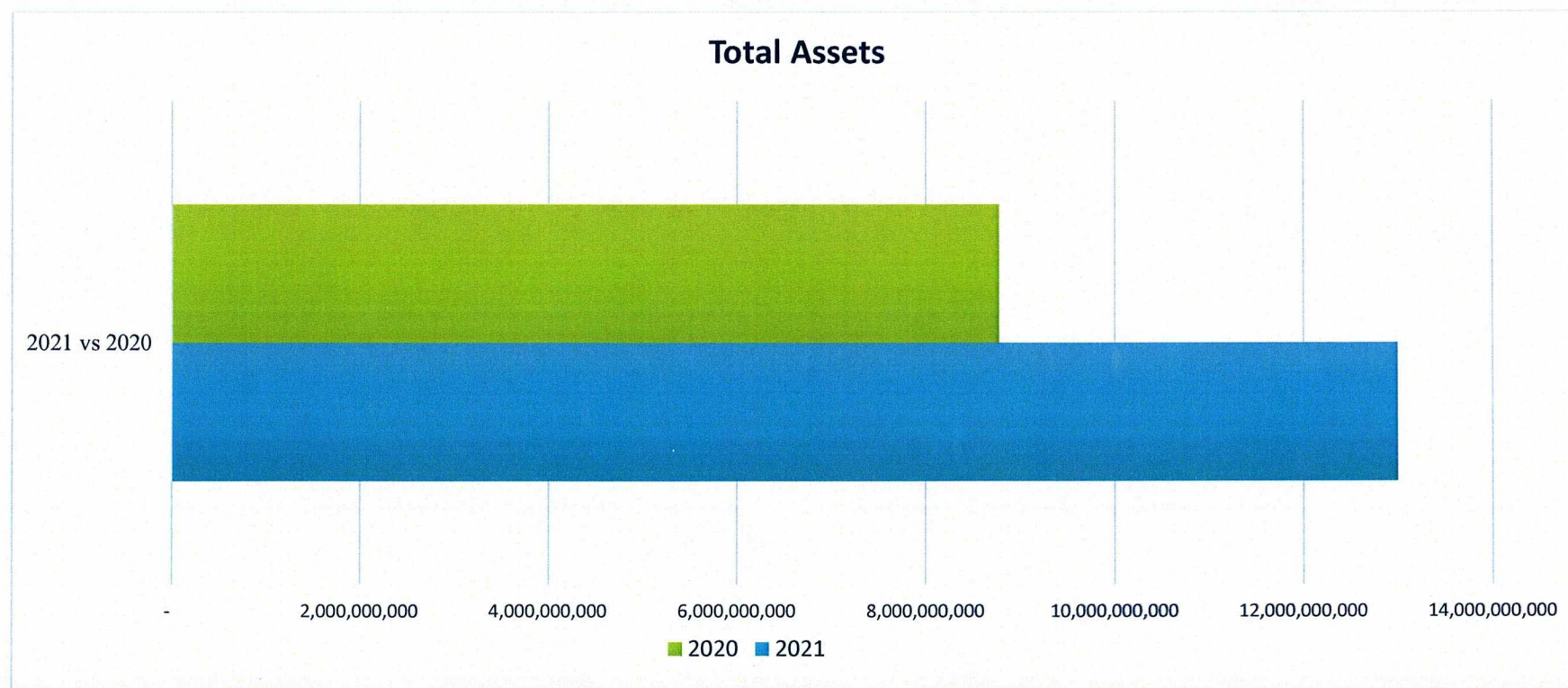
13,001,448,398

8,775,716,297





4,225,732,101





48%





Particulars	JUNE 30, 2021	JUNE 30, 2020	Variance		
			Amount	Vertical %age	Horizontal %age
Non Current Liabilities		Restated			
Deferred capital grant	8,242,721,196	2,383,467,669	5,859,253,527	63%	 246%
Restricted grant	1,974,645,627	5,714,213,262	(3,739,567,635)	15%	 -65%
Long term security deposits for shops	414,000	-	414,000	0%	 0%
Total Non Current Liabilities	10,217,780,823	8,097,680,931	2,120,099,892	79%	 26%

Particulars	JUNE 30, 2021	JUNE 30, 2020	Variance		
			Amount	Vertical %age	Horizontal %age
Current Liabilities		Restated			
Accrued and other liabilities	2,686,848,382	664,706,366	2,022,142,016	21% 	304%
Unearned Fare Income	82,851,936		82,851,936	1%	
Total Current Liabilities	2,769,700,318	664,706,366	2,104,993,952	21% 	317%

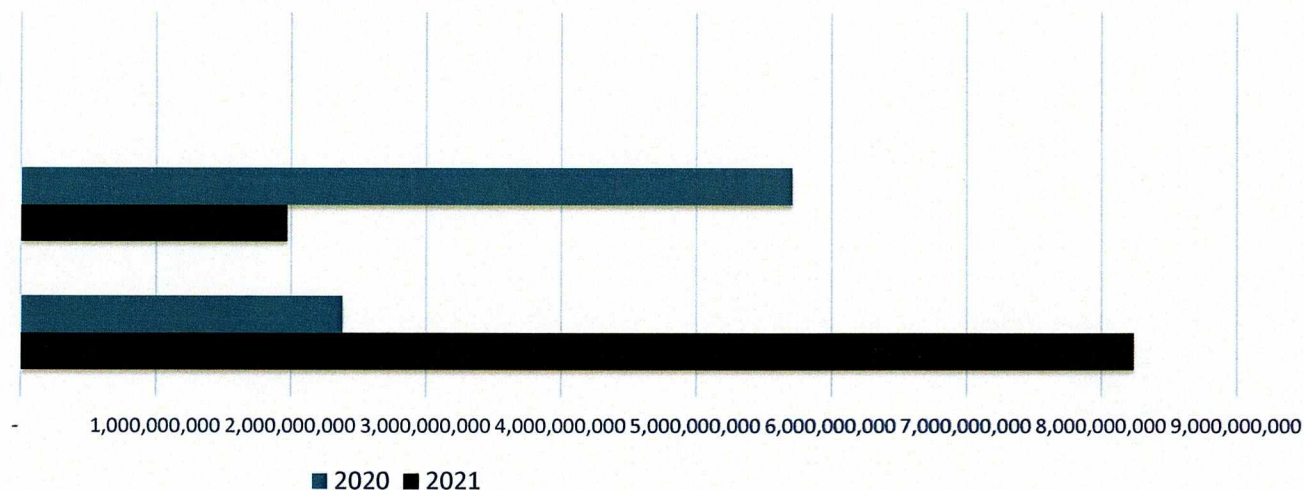


Non Current Liabilities

Long term security deposits for shops

Restricted grant

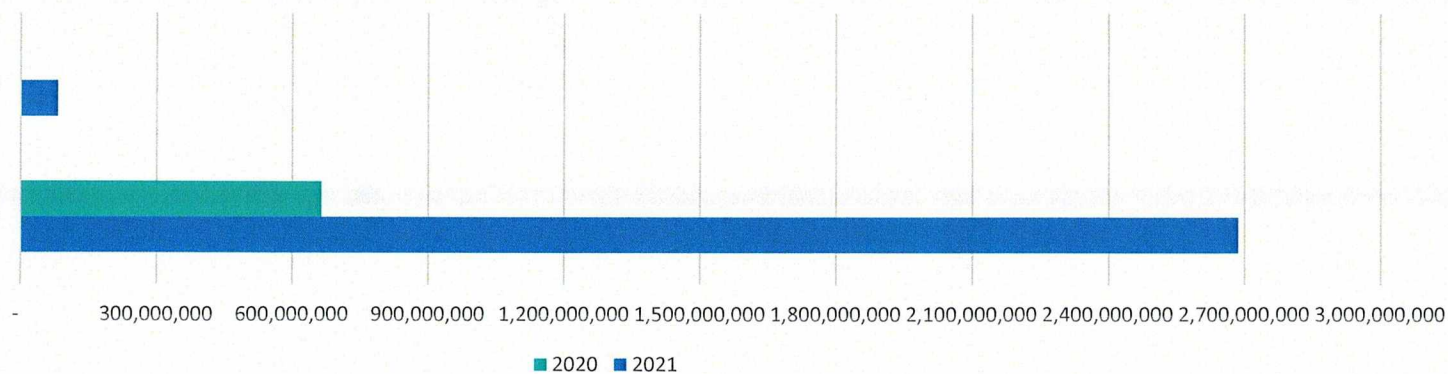
Deferred capital grant

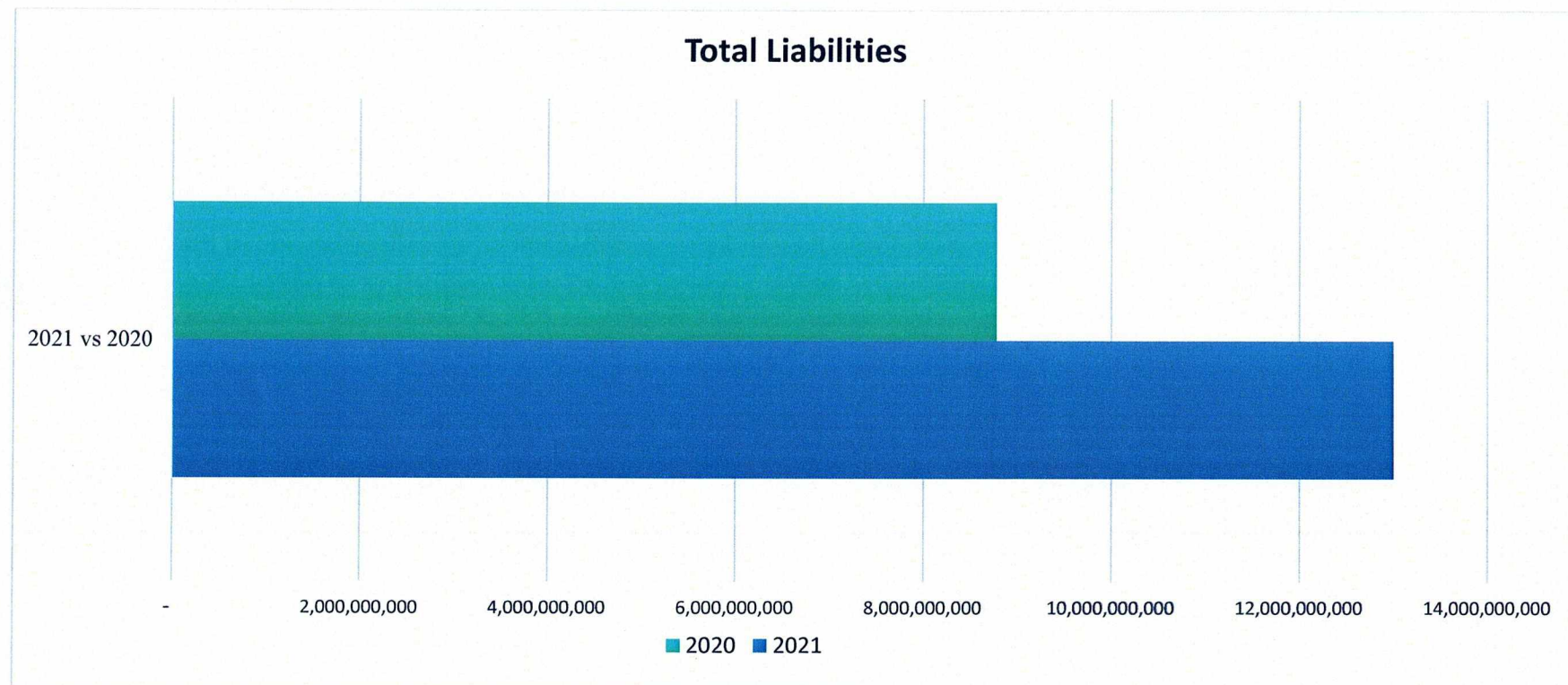


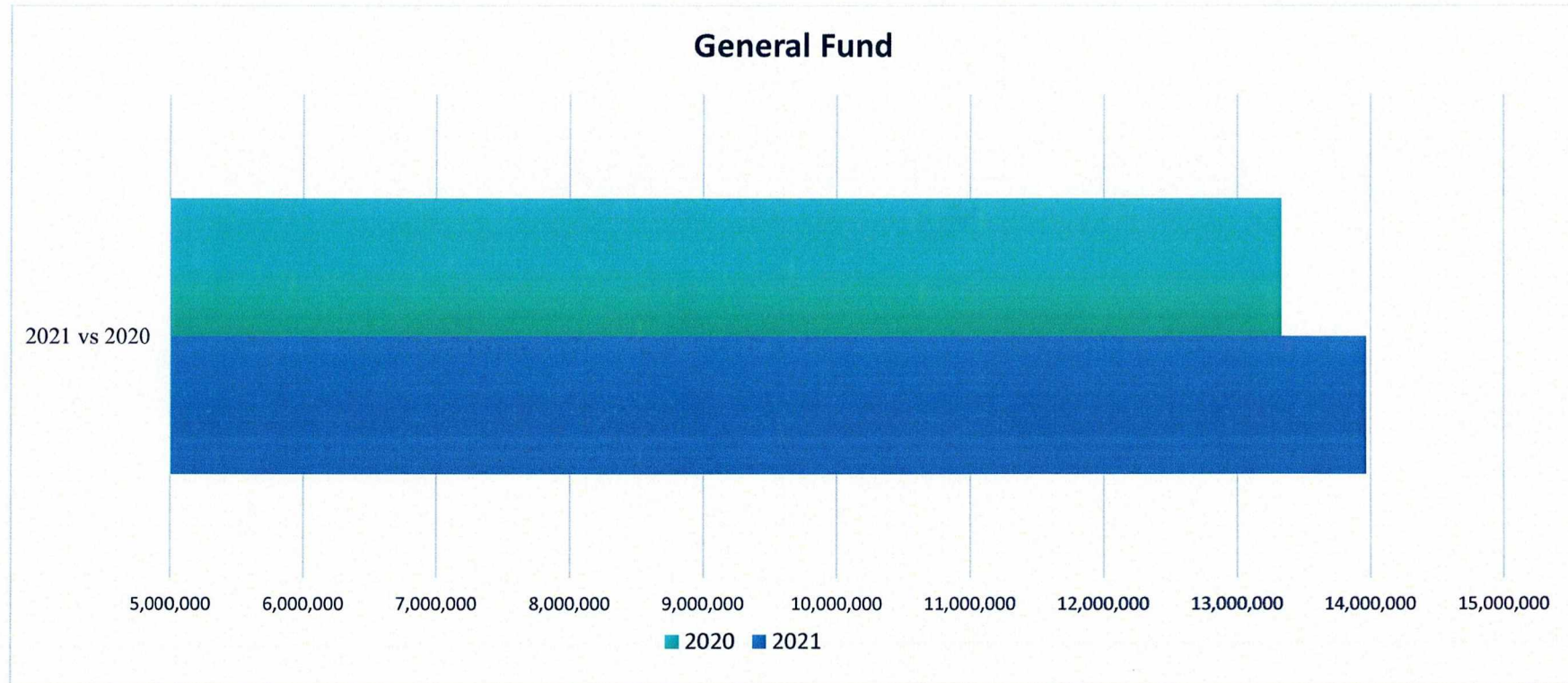
Current Liabilities

Unearned Fare Income

Accrued and other liabilities





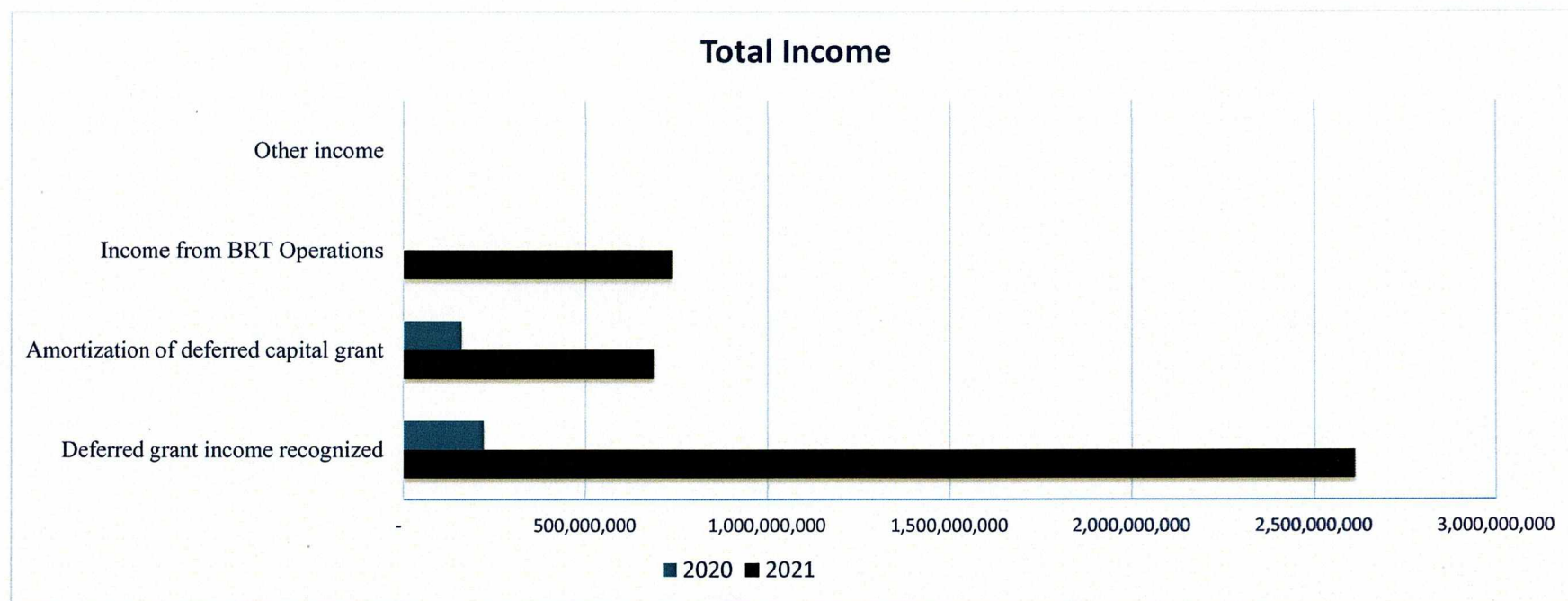




11.2 HORIZONTAL & VERTICAL ANALYSIS INCOME AND EXPENDITURE ACCOUNT

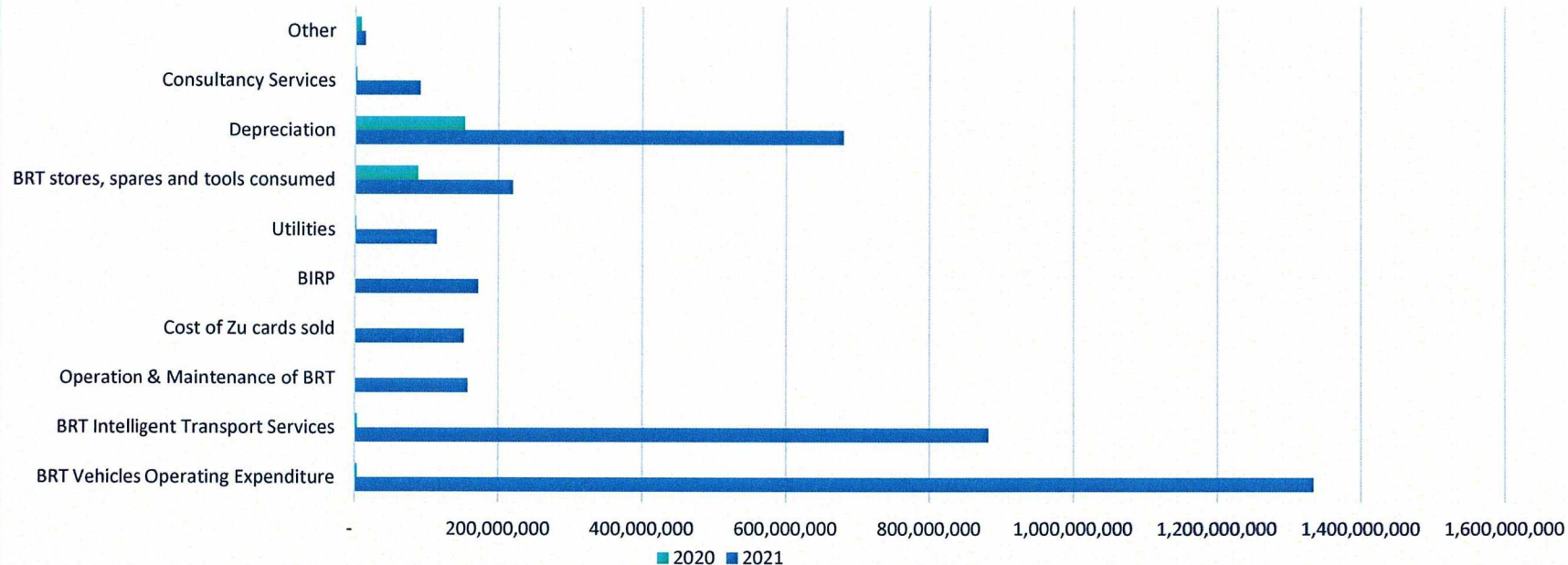
			Variance Horizontal and Vertical		
Particulars	JUNE 30, 2021	JUNE 30, 2020	Amount	Vertical %age	Horizontal %age
Income	Restated				
Deferred grant income recognized	2,614,263,386	221,547,099	2,392,716,287	↑ 30%	↑ 1080%
Amortization of deferred capital grant	688,559,264	160,415,295	528,143,969	↑ 8%	↑ 329%
Income from BRT Operations	738,643,425	-	738,643,425	↑ 8%	0%
Total Income	4,041,466,075	381,962,394	3,659,503,681	↑ 46%	↑ 958%

Particulars	JUNE 30, 2021	JUNE 30, 2020	Variance		
			Amount	Vertical %age	%age
Project Expenditure	Restated				
BRT Vehicles Operating Expenditure	1,333,728,878	3,718,051	1,330,010,827	↑ 17%	↑ 35772%
BRT Intelligent Transport Services	882,031,767	3,755,937	878,275,830	↑ 11%	↑ 23384%
Operation & Maintenance of BRT	157,461,087	-		↑ 2%	
Cost of Zu cards sold	152,050,905	-		↑ 2%	
BIRP	171,711,279	-		↑ 2%	
Utilities	113,641,476	2,233,083	111,408,393	↑ 1%	↑ 4989%
BRT stores, spares and tools consumed	219,734,318	87,236,365	132,497,953	↑ 3%	↑ 152%
Depreciation	680,395,141	152,738,998	527,656,143	↑ 9%	↑ 345%
Consultancy Services	90,106,316	2,317,897	87,788,419	↑ 1%	↑ 3787%
Other	13,797,623	8,019,893	5,777,730	↑ 0%	↑ 72%
Total Project Expenditure	3,814,658,790	260,020,224	3,073,415,295	49% ↑	1182%



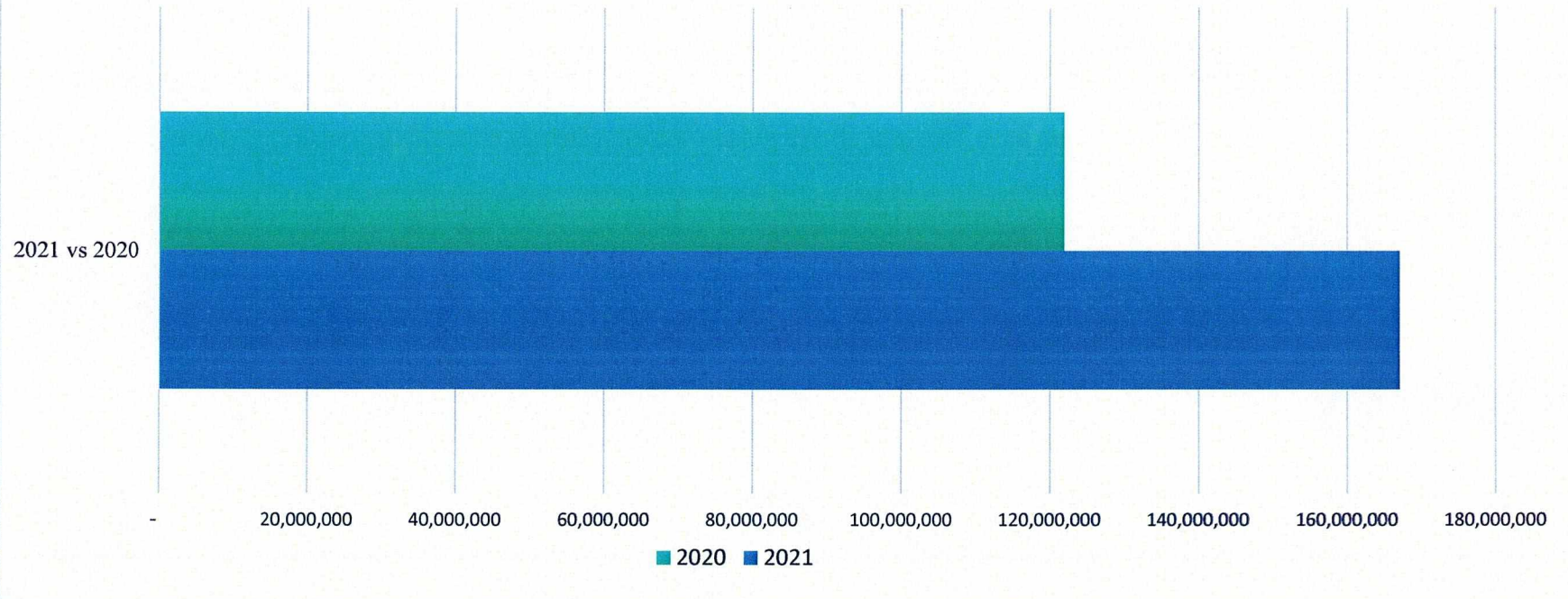


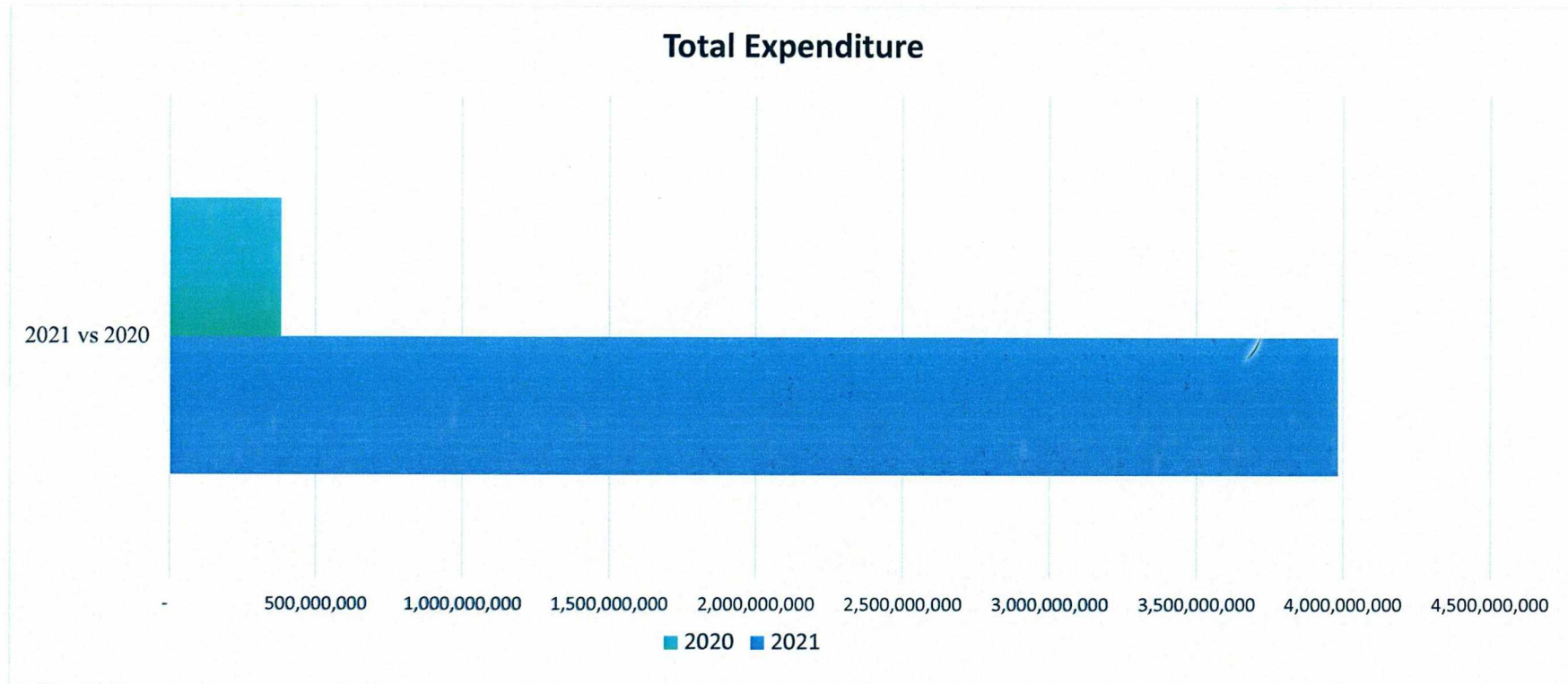
Project Expenditure





Administrative Expenditure







12. DIRECTORS' REPORT

12.1 CORPORATE GOVERNANCE

Good Corporate Governance is the order of the day for the maintenance of the Company Integrity and transparency in the eyes of its stakeholders. The Board of Directors of the Company recognizes the need to implement appropriate systems, which shall be supported by appropriate policies & procedures and best ethical practices.

The Board has established best system of corporate governance incorporating system of controls supported by policies and procedures and best ethical practices under the leadership of board members from various backgrounds.

12.2 DIRECTORS STATEMENT OF COMPLIANCE

The Directors are pleased to state that

- a) The Board has complied with relevant principles of corporate governance, and has identified the rules that has not been complied with, the period in which the non-compliance continued, and reasons for such non-compliance;
- b) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- c) proper books of account of the Public Sector Company have been maintained;
- d) appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- e) The system of internal control is sound in design and has been effectively implemented and monitored
- f) The appointment of the Chairman and other members of the Board and the terms of their appointment are in the best interests of the Company as well as in line with the best practices. None of the Director, except Chief Executive officer, is being paid any remuneration;
- g) The remuneration of executive management of the Company is disclosed in the notes to the financial statements of the Company showing separate figures for salaries, fees and other benefits.
- h) The Company is reliant on the grants from the Government of Khyber Pakhtunkhwa and received Rs 1,650 million during the year ended June 30, 2021. The Company has also received a 'grant of Rs. 3,620.774 million from Asian Development Bank pursuant to loan agreement with Government of Khyber Pakhtunkhwa. These grants are received for the development of Peshawar Bus Rapid Transit System and operational expenditure of TransPeshawar.
- i) Information regarding outstanding taxes and levies, as required by Corporate Governance Rules, is disclosed in the notes to the financial statements.
- j) There are no significant doubts regarding the Company's ability to continue as a going concern.

CHIEF EXECUTIVE OFFICER

DIRECTOR



12.1 STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

Name of the Company: TransPeshawar (The Urban Mobility Company)
Name of the line ministry: Transport and Mass Transit Department
For the year ended: June 30, 2021

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

S.No	Provision of the Rules	Rule No	Y	N
			Tick the relevant box	
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓	



2	The Board has at least one-third of its total members as independent directors. At present the Board includes:					✓
	Category	Names	Date of Appointment			
	Independent Directors	Mr. Dilroze Khan	08-Feb-17			
		Mr. Isaac Ali Qazi	16-Mar-18			
		Dr. Rashid Rehan	11-Sept-18			
		Mr. Muhammad Ishfaq Khattak	10-Jul-20			
	Executive Directors	Mr. Fayyaz Ahmad Khan	09-May-18			
	Non-Executive Directors	Additional Chief Secretary	09-May-18			
		Commissioner, Peshawar	16-Mar-18			
		Secretary Transport and Mass Transit Department	16-Mar-18			
		Director General, Peshawar Development Authority	08-Feb-17			
		Nazim Peshawar (DC Peshawar)	08-Feb-17			
		SSP Traffic	08-Feb-17			
		Executive Director, Urban Planning Unit	08-Feb-17			
		Chief Economist – P& D Department	08-Feb-17			
		Additional Secretary Finance	08-Feb-17			
3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.			3(5)	✓	



4	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	✓	
5	The chairman of the Board is working separately from the chief executive of the Company.	4(1)	✓	
6	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government	4(4)	✓	
7	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)	✓	
8	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (Address of website to be indicated www.transpeshawar.pk) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓	
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)	✓	



11	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b) (vi)	✓	
12	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c) (ii)	✓	
13	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	✓	
14	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	✓	
15	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✓	
16	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	✓	
17	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓	
18	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓ ✓ ✓	
19	The Board has monitored and assessed the performance of senior management on half-yearly basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)	✓	
20	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	Not applicable	



21	<p>(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.</p> <p>(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.</p> <p>(c) The Board has placed the annual financial statements on the company's website.</p>	10	<p>✓</p> <p>N/A</p> <p>✓</p>																								
22	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11		✓																							
23	<p>(a) The Board has formed the requisite committees, as specified in the Rules.</p> <p>(b) The committees were provided with written term of reference defining their duties, authority and composition.</p> <p>(c) The minutes of the meetings of the committees were circulated to all the Board members.</p> <p>(d) The committees were chaired by the following non-executive directors:</p> <table border="1"> <thead> <tr> <th>Committee</th> <th>Number of members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Nomination Committee</td> <td>3</td> <td>Mr. Shahab Ali Shah</td> </tr> <tr> <td>Human Resources Committee</td> <td>5</td> <td>Mr. Isaac Ali Qazi</td> </tr> <tr> <td>Finance Committee</td> <td>5</td> <td>Mr. Dilroze Khan</td> </tr> <tr> <td>Procurement Committee</td> <td>5</td> <td>Ms. Ammara Khan</td> </tr> <tr> <td>Audit Committee</td> <td>4</td> <td>Mr. Dilroze Khan</td> </tr> <tr> <td>Operations & Strategy Committee</td> <td>5</td> <td>Mr. Manzoor Ahmad</td> </tr> <tr> <td>Risk Management Committee</td> <td>5</td> <td>Mr. Manzoor Ahmad</td> </tr> </tbody> </table>	Committee	Number of members	Name of Chair	Nomination Committee	3	Mr. Shahab Ali Shah	Human Resources Committee	5	Mr. Isaac Ali Qazi	Finance Committee	5	Mr. Dilroze Khan	Procurement Committee	5	Ms. Ammara Khan	Audit Committee	4	Mr. Dilroze Khan	Operations & Strategy Committee	5	Mr. Manzoor Ahmad	Risk Management Committee	5	Mr. Manzoor Ahmad	12	✓
Committee	Number of members	Name of Chair																									
Nomination Committee	3	Mr. Shahab Ali Shah																									
Human Resources Committee	5	Mr. Isaac Ali Qazi																									
Finance Committee	5	Mr. Dilroze Khan																									
Procurement Committee	5	Ms. Ammara Khan																									
Audit Committee	4	Mr. Dilroze Khan																									
Operations & Strategy Committee	5	Mr. Manzoor Ahmad																									
Risk Management Committee	5	Mr. Manzoor Ahmad																									
24	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✓																								
25	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✓																								



26	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓																
27	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✓																
28	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	18	✓																
29	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the company contains criteria and details of remuneration of each director.	19	Not applicable																
30	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20	✓																
31	<div>The Board has formed an audit committee, with defined and written terms of reference, and having the following members:</div> <table><tr><th>Name of the member</th><th>Category</th><th>Professional Background</th></tr><tr><td>Mr. Dilroze Khan</td><td>Chairman</td><td>Chartered Accountant</td></tr><tr><td>Secretary to Govt of KPK-TMTD</td><td>Member</td><td>Civil Servant</td></tr><tr><td>Mr. Isaac Ali Qazi</td><td>Member</td><td>Legal Expert</td></tr><tr><td>Additional Secretary Finance</td><td>Member</td><td>Civil Servant</td></tr></table> <div>The Chief Executive and Chairman of the Board are not members of the audit committee.</div>	Name of the member	Category	Professional Background	Mr. Dilroze Khan	Chairman	Chartered Accountant	Secretary to Govt of KPK-TMTD	Member	Civil Servant	Mr. Isaac Ali Qazi	Member	Legal Expert	Additional Secretary Finance	Member	Civil Servant	21 (1) and 21(2)	✓	
Name of the member	Category	Professional Background																	
Mr. Dilroze Khan	Chairman	Chartered Accountant																	
Secretary to Govt of KPK-TMTD	Member	Civil Servant																	
Mr. Isaac Ali Qazi	Member	Legal Expert																	
Additional Secretary Finance	Member	Civil Servant																	
32	(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed. (b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.	21(3)	✓																



	(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.			
33	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee. (b) The chief internal auditor has requisite qualification and experience prescribed in the Rules. (c) The internal audit reports have been provided to the external auditors for their review.	22	✓	
34	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓	
35	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓	

CHIEF EXECUTIVE OFFICER

DIRECTOR



12.2 EXPLANATION FOR NON-COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

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

Sr.No.	Rule/sub-rule no.	Reasons for non-compliance	Future course of action
1	2(d)	Board of Directors in its 27 th meeting held on 16 November 2020 has changed the Composition of the Board of Directors by removing 4 Ex-Officio Members. A summary to this effect has been moved by the Transport and Mass Transit Department to Chief Minister Secretariat for approval and notification. After the approval the composition of the Board will comply with the Regulations.	A request has already been made to Transport and Mass Transit Department for taking up the matter with Chief Minister's Secretariate for approval of change in composition of the Board.
2	11	The orientation course was planned in February 2021 but due to COVID-19, the Board members did not undergo an orientation course.	An orientation course is planned in March 2022 to apprise the Board members on the material developments and information as specified in the Rules.
3	12	Board of Directors in its 27 th meeting held on 16 November 2020 has changed the Composition of the Board of Directors by removing 4 Ex-Officio Members. A summary to this effect has been moved by the Transport and Mass Transit Department to Chief Minister Secretariat for approval and notification. After the approval the composition of the Board as well as committees will comply with the Regulation.	A request has already been made to Transport and Mass Transit Department for taking up the matter with Chief Minister's Secretariate for approval of change in composition of the Board and Committees.


CHIEF EXECUTIVE OFFICER


DIRECTOR

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)

AUDITOR'S REPORT & AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

PKF F.R.A.N.T.S.
Chartered Accountants

A Member Firm of
PKF International

Peshawar: 8th Floor, State Life Building, The Mall, Peshawar Cantt. Pakistan.
Tel: +92-91-5279691, Fax: +92-91-5276240, Email: peshawar@pkf.com.pk , Web: www.pkf.com.pk
OTHER OFFICES: KARACHI | LAHORE | MULTAN | ISLAMABAD | PESHAWAR | SIALKOT

INDEPENDENT AUDITOR'S 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)**” which comprise the statement of financial position as at June 30, 2021 and the statement of income and expenditure and other comprehensive income, the statement of changes in general/unrestricted fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure and other comprehensive income, the statement of changes in general/unrestricted 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, 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, 2021 and of the surplus and other comprehensive income, the changes in general/unrestricted fund and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2021, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.
- b) the statement of financial position, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 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.

Other Matter

The financial statements of the TransPeshawar for the year ended June 30, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on November 16, 2020.

DATE: 29 APR 2022
PESHAWAR


PKF F.R.A.N.T.S.
CHARTERED ACCOUNTANTS

Zeeshan Ali, FCA
Engagement Partner



TRANSPESHAWAR - (THE URBAN MOBILITY COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	JUNE 30, 2021 RUPEES	JUNE 30, 2020 RUPEES Restated	JUNE 30, 2019 RUPEES Restated
Assets				
Non-current Assets				
Operating fixed assets	7	8,239,847,088	2,383,467,669	664,389,151
Intangible assets	8	2,874,108	-	-
Long term security deposits	9	430,000	300,000	300,000
		8,243,151,196	2,383,767,669	664,689,151
Current Assets				
Zu cards stock		131,828,474	-	-
Advance against BRT fleet & ITS System	10	464,103,291	3,916,046,820	3,574,259,609
Receivable from ADB	11	2,286,708,057	655,117,759	108,118,920
Other advances, deposits and receivables	12	41,954,083	13,916,647	6,462,346
Accrued interest income		40,482,988	84,025,145	34,917,373
Cash and bank balances	13	1,793,220,309	1,722,842,257	2,278,764,055
		4,758,297,202	6,391,948,628	6,002,522,303
Total Assets		13,001,448,398	8,775,716,297	6,667,211,454

Funds and Liabilities

Funds

General/unrestricted fund	13,967,260	13,329,000	12,971,000
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Non-current Liabilities

Deferred capital grant	14	8,242,721,196	2,383,467,669	664,389,151
Restricted grant	15	1,914,476,842	5,714,213,262	5,817,487,759
Long term security deposits for shops		414,000	-	-
		10,157,612,038	8,097,680,931	6,481,876,910

Current Liabilities

Accrued and other liabilities	16	2,747,017,164	664,706,366	172,363,544
Unearned fare income		82,851,936	-	-
		2,829,869,100	664,706,366	172,363,544

Contingencies and commitments

17	-	-	-
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Total fund and liabilities	13,001,448,398	8,775,716,297	6,667,211,454
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The annexed notes 1 to 36 form an integral part of these accounts.



CHIEF EXECUTIVE OFFICER



DIRECTOR

TRANSPESHAWAR - (THE URBAN MOBILITY COMPANY)
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 RUPEES	June 30, 2020 RUPEES Restated
Funds and Income			
Restricted			
Deferred grant income recognized	15.2	2,614,263,386	221,547,099
Amortization of deferred capital grant	14.1	688,559,264	160,415,295
Income from BRT Operations	18	738,643,425	-
Unrestricted			
Other Income	19	638,260	358,000
		4,042,104,335	382,320,394
Restricted Expenditure			
Project Operation Expenditure			
BRT Vehicles Operating Expenditure	20	1,333,728,878	3,718,051
BRT Intelligent Transport Services	21	882,031,767	3,755,937
Operation & Maintenance of BRT	22	157,461,087	-
Cost of Zu cards sold		152,050,905	-
Bus Industry Restructuring Program (BIRP) Expenditure	23	171,711,279	-
Utilities	24.1	113,641,476	2,233,083
BRT stores, spares and tools consumed		219,734,318	87,236,365
Depreciation	7.1	680,395,141	152,738,998
Amortization of intangible asset	8	507,196	-
BRT Helpline - Operation		1,932,075	-
Lease Rentals - Kohat Adda		8,960,000	5,483,333
Consultancy services	25	90,106,316	2,317,897
Repair and maintenance		2,398,352	2,536,560
		3,814,658,790	260,020,224
Company Administrative Expenditure			
Salaries, allowances & other benefits	26	127,419,594	92,383,586
Advertisement		11,405,347	2,112,647
Security services		4,775,042	2,827,849
Repair and maintenance		2,460,068	1,618,263
Office supplies		3,964,073	709,980
Insurance		2,868,557	469,675
Depreciation	7.1	7,656,927	5,454,659
Utilities	24.2	2,995,559	1,276,734
Other expenses	27	3,526,586	15,088,777
		167,071,753	121,942,170
Total		3,981,730,543	381,962,394
Unrestricted surplus before tax	28	60,373,792	358,000
Taxation	4.12	59,735,532	-
Unrestricted surplus after tax		638,260	358,000
Other comprehensive income		-	-
Total comprehensive surplus		638,260	358,000

The annexed notes 1 to 36 form an integral part of these accounts.


CHIEF EXECUTIVE OFFICER


DIRECTOR

TRANSPESHAWAR - (THE URBAN MOBILITY COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 RUPEES	2020 RUPEES Restated
Cash Flows from Operating Activities			
Surplus for the year		638,260	358,000
Adjustment for non cash items:			
Depreciation	7	688,559,264	158,193,657
Loss on disposal of property, plant and equipment		-	2,221,638
Cash flows from operating activities		689,197,524	160,773,295
(Before working capital changes)			
Adjustments for working capital changes:			
(Increase)/decrease in current assets:			
Advance against BRT fleet & ITS	10	3,451,943,529	(341,787,211)
Receivable from ADB	11	(1,631,590,298)	(546,998,839)
Other advances, deposits and receivables	12	(28,037,436)	(7,454,301)
Accrued interest income		43,542,157	(49,107,772)
Zu cards stock		(131,828,474)	-
		1,704,029,478	(945,348,123)
Increase/(decrease) in current liabilities:			
Accrued and other liabilities	16	2,082,310,798	492,342,822
Unearned fare income		82,851,936	-
		2,165,162,734	492,342,822
Cash generated from/(used in) operations activities		4,558,389,736	(292,232,006)
Cash Flows from Investing Activities			
Purchase of operating assets	7	(6,544,431,487)	(1,879,684,722)
Purchase of ERP	8	(3,381,304)	-
Long term security deposits		(130,000)	-
Proceeds from disposal of property, plant and equipment		-	190,909
Net cash flows (used in) investing activities		(6,547,942,791)	(1,879,493,813)
Cash Flows from Financing Activities			
Deferred capital grant	14	5,859,253,527	1,719,078,518
Restricted grant	15	(3,799,736,420)	(103,274,497)
Long term security deposits for shops		414,000	-
Net cash generated from financing activities		2,059,931,107	1,615,804,021
Net increase/(decrease) in cash & cash equivalent		70,378,052	(555,921,798)
Cash & cash equivalent at the beginning of the year		1,722,842,257	2,278,764,055
Cash & cash equivalent at the end of the year	13	1,793,220,309	1,722,842,257

The annexed notes 1 to 36 form an integral part of these accounts.


CHIEF EXECUTIVE OFFICER


DIRECTOR

TRANSPESHAWAR - (THE URBAN MOBILITY COMPANY)
STATEMENT OF CHANGES IN GENERAL/UNRESTRICTED FUND
AS AT JUNE 30, 2021

General / Unrestricted Fund
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Balance as at June 30, 2019	12,971,000
Unrestricted income after tax	358,000
Balance as at June 30, 2020	13,329,000
Unrestricted income after tax	638,260
Balance as at June 30, 2021	13,967,260

The annexed notes 1 to 36 form an integral part of these accounts.



CHIEF EXECUTIVE OFFICER


DIRECTOR

TRANSPESHAWAR - (THE URBAN MOBILITY COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. Corporate and General Information

a) Legal Status

TransPeshawar (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).

b) Tax Status

The company is registered as a not for profit organization under section 42 of the Companies Act, 2017, however, the company has not obtained approval of Commissioner under section 2(36) of the Income Tax Ordinance, 2001 as required under section 100C of the said ordinance for 100% tax credit of the tax payable of the not for profit organization.

c) Nature of business

The primary object is 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.

d) Controlling authority

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

e) Registered office

The registered office of the Company is situated at 1st Floor, KPUMA Building, Main BRT Depot, Near NHA Complex, Chamkani, Peshawar, Pakistan.

2. Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of:

1) - International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Act, 2017.

2) - Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

3) - Provisions of and directives issued under the Companies Act, 2017.

Where provision of and directives issued under the Companies Act, 2017 differ from the IFRS or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the functional currency of the company.

2.3 Going Concern Basis

These financial statements have been prepared on going concern basis.

TRANSPESHAWAR - (THE URBAN MOBILITY COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

2.4 New and amended standards and interpretations

2.4.1 Standards, amendments to approved accounting standards effective in the current year

New and amended standards mandatory for the first time for the financial year beginning July 1, 2020:

- (a) Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' is applicable on or after January 1, 2020. The amendments are regarding the refined definition of materiality - information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.
- (b) The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2020 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operation.

2.4.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2020 and have not been early adopted by the company:

- (a) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations - i.e. the lower of the costs of fulfilling the contract and the costs of terminating it - outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs - e.g. direct labour and materials; and an allocation of other direct costs - e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. The amendment is not expected to have material impact on the Company's financial statements.
- (b) Amendment to IAS 16 'Property, Plant and Equipment' is applicable on accounting periods beginning on or after January 1, 2022. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments. The amendment not expected to have material impact on the Company's financial statements.
- (c) Amendments to IAS 1 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period.
- (d) Amendments to IAS 1, 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. The amendments include requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

TRANSPESHAWAR - (THE URBAN MOBILITY COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

- (d) Amendments to IAS 1, 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. The amendments include requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
- (e) Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' will be applicable on accounting periods beginning on or after January 1, 2023. The IASB has issued amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 'Financial Instruments'; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.
- (f) There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

3. Basis of Measurement

- 3.1 These financial statements have been prepared under historical cost convention and accrual basis of accounting except cash flow information and as otherwise stated in these financial statements.
- 3.2 The preparation of financial statements in conformity with approved accounting standards requires the management to make judgments and estimates that affect the amount of assets, liabilities, income and expenses reported. Estimates are reviewed on an on-going basis and revisions, if any, are recognized in the period in which the estimate is revised.

The areas where estimates are significant to the company's financial statements are as follows:

- (a) Estimate of useful lives of operating fixed assets. (Note 4.1)
- (b) Estimate of useful lives of intangible asset. (Note 4.2)
- (c) Estimation of contingent liabilities. (Note 17)
- (d) Estimation of deferred capital grant. (Note 4.10)

4. Significant Accounting Policies

The principle accounting policies which have been adopted in the preparation of these financial statements are summarized as under. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Owned assets and subsequent cost.

All fixed assets are initially recorded at cost, which includes the original purchase price and all other cost necessary to bring the asset to working condition for its intended use. Subsequently, fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Major renewals and improvements are capitalized whereas minor and normal repair and maintenance are charged to statement of income and expenditure.

TRANSPESHAWAR - (THE URBAN MOBILITY COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Depreciation

Depreciation on operating assets, except BRT buses and ITS, is charged to income by applying reducing balance method, to write off the historical cost over its useful life. The BRT buses are depreciated using the straight line method on their contract life, which is estimated useful life, without taking into account any residual value. The useful life and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits to be obtained from fixed assets. Rates of depreciation are stated in Note 07. Depreciation is charged when fixed asset is available for use and ceases at the earlier of the date when it is classified as held for sale and the date when it is derecognized.

Disposal

Gains or losses on disposal or retirement of operating fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the statement of income and expenditure.

Impairment

The company make an assessment at each reporting date whether there is any indication that fixed assets may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amount exceed the respective revocable amount, assets are written down to their recoverable amount.

4.2 Intangible asset

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any, and represent the cost of acquiring an accounting software.

The costs associated with maintaining an accounting software programs are recognized as an expense as incurred. Costs that are directly associated with identifiable and unique software products, controlled by the company and will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets.

Subsequent expenditure

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognized as a capital improvement and added to the original cost of the software.

Amortization

Intangible assets are amortized using the straight-line method over a period of five years. The asset' useful life is reviewed, at each reporting date, and adjusted if the impact on amortization is significant.

4.3 Financial Assets

4.3.1 Classification

The Company classify its financial assets into following categories: financial assets at amortized cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The financial assets are classified at initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

a) Financial assets at amortized costs

A financial asset shall be classified as financial asset at amortized cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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TRANSPESHAWAR - (THE URBAN MOBILITY COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

b) Financial assets at fair value through other comprehensive income

The fair value through other comprehensive income classification is mandatory for certain debt instrument assets unless the option to classify as fair value through profit or loss is taken.

If an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in profit or loss.

c) Financial assets at fair value through statement of income and expenditure

A debt instrument can be classified as a financial asset at fair value through statement of income and expenditure if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on different bases.

All equity instruments are to be classified as financial assets at fair value through statement of income and expenditure, except for those equity instruments for which the Company has elected to present value changes in other comprehensive income.

4.3.2 Recognition and Measurement

Regular purchases and sales of financial assets are recognized on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

After initial recognition, an entity shall measure a financial asset at fair value or amortized cost.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within 'Other income/other expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of 'Other income' when the Company's right to receive payments is established.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through other comprehensive income' category are recognized in other comprehensive income with only dividend income recognized in profit or loss.

4.3.3 Financial Liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortized cost using effective interest method unless financial liabilities are held for trading, in which case it is required to be measured at fair value through profit or loss or where entity elects to measure at financial liability, under fair value option.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where 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 a derecognition of original liability and recognition of a new liability and the difference in respective carrying amounts is recognized in the profit and loss account.

TRANSPESHAWAR - (THE URBAN MOBILITY COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4.3.4 Off-setting of Financial Assets and Financial Liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

4.4 Trade debts and other receivables and related impairment

Trade debts and other receivables are classified as financial assets at amortized cost according to IFRS 9.

Trade debts are initially recognized at original invoice amount which is the fair value of the consideration to be received in future and subsequently measured at cost less provision for doubtful debts. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses.

The Company estimates the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts, if any, considered irrecoverable are written off.

4.5 Advances and prepayments

These are recognized at cost, which is the fair value of the consideration given, and subsequently measured at cost less provision for doubtful debts

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and balances with banks in current and savings accounts.

4.7 Accrued and other liabilities

Accrued and other liabilities are carried at their amortized cost, which approximates fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

4.8 Employees' retirement benefits

Provident fund

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

4.9 Provisions, contingent assets and contingent liabilities

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, 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.

Contingent assets are not recognized and also are not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.10 Funds/grants

General/Unrestricted fund

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

TRANSPESHAWAR - (THE URBAN MOBILITY COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Deferred capital grants

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

Restricted grant

The restricted grant represents grants 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 restricted fund at their receipt. Subsequently these are recognized as income in the statement of income and expenditure to the extent of actual expenses incurred.

Judgment and estimates

Useful life of assets are estimated on regular basis for amortization of deferred capital grants over the useful life of the related assets.

4.11 Revenue recognition

Grant

Grants are recognized as income 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 operating and intangible assets.

Restricted grants

Restricted grants are initially recognized as a liability and subsequently is recognized as income in the statement of income and expenditure 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 the statement of income and expenditure and reflected as a receivable from donors.

Fare and Zu Card sale income

According to the core principle of IFRS 15, the Company recognizes revenue to depict the transfer of promised services/Zu cards to customers and an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services/Zu cards. The Company recognizes revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when the entity satisfies a performance obligation.

The Company sale Zu cards and offer transport services. Revenue from sale of Zu Cards is recognized when the Company satisfies a performance obligation (at a point of time) by transferring promised Zu Card to the customers that is when the Zu cards are sold and handed over to the customers. Revenue from transport services are recognized when the services are performed.

TRANSPESHAWAR - (THE URBAN MOBILITY COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4.12 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. The Company claimed 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. Accordingly, no provision for tax, has been recognized in the financial statements of the Company till June 30, 2020.

However, changes were made in the requirements for claiming credit u/s 100C vide Finance Act 2020 which are applicable from July 01, 2020. Among other changes, company is required to obtain approval from Commissioner Inland Revenue (CIR) under section 2(36) of the Ordinance which is now prerequisite for claiming the credit. As the Company has not yet obtained approval from CIR in this respect, provision for minimum tax has been made in these financial statements for the year ended June 30, 2021.

5. Prior period errors

The company has restated certain account balances in these financial statements to correct the material errors pertaining to previous years as per the requirements of IAS 8 "Accounting policies, changes in accounting estimates & errors".

Details of the adjustments made and its effect are as follows:

	Note	2020 (RUPEES)	2019 (RUPEES)
Balance Sheet Items			
Non-current assets			
Net operating assets at WDV			
Before restatement		2,531,492,869	677,024,624
Effect of opening balance restatement		(12,635,473)	-
Depreciation charged reversed	5.1	7,729,936	-
		(4,905,537)	-
Exchange gain (Reversal of fixed assets and restricted grant)	5.2	2,738,683	(19,172,494)
Exchange gain (Reversal of fixed assets and advances)	5.2	(161,165,823)	-
Exchange rate changes related to payable	5.3	-	(13,686)
Exchange rate changes related to advances	5.3	-	81,373
Changing the bases of LC charges allocation	5.4	(398,069)	(93,597)
Homologation charges (Capitalization and recording of liability)	5.5	15,705,546	6,562,931
Effect of restatement	5.1, 5.6	(143,119,663)	(12,635,473)
After restatement		2,383,467,669	664,389,151

5.1 After adjustment, as detailed in note 5.2 to these financial statements, the over-capitalization of BRT buses and the over-charged depreciation have been reversed in operating assets and deferred capital grant balances. The effect of over-charged depreciation has also been reversed in the statement of income & expenditure by reducing depreciation expense and amortization of deferred capital grant.

5.2 Previously exchange gain / (loss) was erroneously recognized on advance payments made to Xiamen Golden Dragon and LMKR Santel & E-Hualu and subsequently part advance payments to Xiamen Golden Dragon, along with related exchange gain / (loss) recognised, were capitalized in the cost of buses. The error has been rectified as per IAS 21 and IFRIC 22.

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- 5.3 Previously the exchange rates used for translation of USD into PKR were obtained from various online websites. To ensure consistency, the management has decided to use exchange rates offered by the State Bank of Pakistan in case of transactions involving foreign currencies. In this regard necessary adjustments have been made in the restated financial statements.
- 5.4 Previously LC charges were capitalized on the basis of number of the BRT buses. During the current year the management realized that fair value of the BRT buses is a more realistic basis of allocating and capitalizing LC charges. In this regard necessary adjustments have been made in the restated financial statements.
- 5.5 During the year ended June 30, 2019 and 2020, the company omitted to record homologation charges of the BRT buses capitalized. The net operating assets and accrued & other liabilities have been adjusted accordingly.
- 5.6 The net reversal of the operating assets has been reflected in deferred capital grant and restricted grant as per policy note 4.10 to these financial statements.

<u>Balance Sheet Items</u>	<u>Note</u>	<u>2020</u> <u>(RUPEES)</u>	<u>2019</u> <u>(RUPEES)</u>
Current assets			
Advance against BRT fleet and ITS			
Before restatement		4,532,975,601	4,177,688,103
Effect of opening balance restatement		(603,428,494)	-
Exchange rate changes	5.3	(156)	4,647,273
Exchange gain (Reversal of fixed assets and advances)	5.2	161,165,823	-
Exchange rate changes related to advances	5.3	-	(81,373)
Exchange gain (Reversal of advances and restricted grant)	5.2	(86,652,886)	(608,087,991)
Changing the bases of LC charges allocation	5.4	398,069	93,597
Stores and spares (Reversal of advances, recording of expense and balance as a liability)	5.7	(66,142,660)	-
Homologation charges (Reversal of advances & recording payment of liability)	5.8	(22,268,477)	-
Effect of restatement		(616,928,781)	(603,428,494)
After restatement		3,916,046,820	3,574,259,609

- 5.7 During the year ended June 30 2020, the company inadvertently omitted to record an expense for stores & spares of BRT buses which were handed over to vehicle operating company as per the terms of contract. The omission has been rectified in the restated financial statements by recording the expense for stores & spares consumed, reversing related advance payments and recording the balance payable amount under the head accrued and other liabilities. As per policy note 4.11 to these financial statements, in the statement of income and expenditure, "deferred grant income" has been increased by the amount of stores & spares consumed.
- 5.8 During the year ended June 30, 2020, a payment to settle homologation charges payable was erroneously recorded as advance. The error has been rectified by reversing the advance and recording payment of the homologation charges payable.

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Balance Sheet Items	Note	2020 (RUPEES)	2019 (RUPEES)
Current assets			
Receivable from ADB			
Before restatement		-	-
Effect of opening balance restatement		108,118,920	-
Recognizing grant receivable against the BRT buses	5.9	668,538,196	182,616,919
Exchange gain on the BRT buses	5.10	46,058,374	13,542,681
Reversal of receivable and restricted grant	5.11	(167,597,731)	(88,040,680)
Effect of restatement		655,117,759	108,118,920
After restatement		655,117,759	108,118,920

- 5.9** During the year ended June 30, 2019 the company omitted to record PKR 182,616,919 as receivable from ADB against the payable of BRT buses capitalized during the year.
During the year ended June 30, 2020 the company omitted to record PKR 647,444,491 as receivable from ADB against the payable of BRT buses capitalized during the year, and PKR 21,093,705 as receivable from ADB against the stores and spares consumed during the year.
The errors have been rectified in the restated financial statements by recording the omitted receivable from ADB and increasing restricted grant by equal amount.

- 5.10** Exchange gain on receivable from the ADB and exchange loss on payable to Xiamen Golden Dragon have been recognized as per IAS 21.

- 5.11** Recognition of the grant amount receivable from ADB against the capitalized assets were erroneously omitted which has been corrected as per note 5.9. However, the actual payment made by ADB against payables of capitalized BRT buses and stores & spares consumed were erroneously recorded as restricted grant and the error has been rectified by reversing restricted grant and reducing receivable from ADB by the amount paid by the ADB against such payables.

Balance Sheet Items	Note	2020 (RUPEES)	2019 (RUPEES)
Non-current Liabilities			
Deferred capital grant			
Before restatement		2,531,492,869	677,024,624
Effect of opening balance restatement		(12,635,473)	-
BRT Buses capitalization reversed	5.12	(143,119,663)	(12,635,473)
Depreciation reversed	5.1	7,729,936	-
		(148,025,200)	(12,635,473)
After restatement		2,383,467,669	664,389,151

- 5.12** As per policy note 4.10 to these financial statements an amount equal to fixed assets capitalized during the year is transferred from restricted grant to deferred capital grant. Therefore, the reversal of the capitalization of fixed assets, as detailed in note 5.6 has also been adjusted in restricted grant and deferred capital grant.

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Balance Sheet Items	Note	2020 (RUPEES)	2019 (RUPEES)
Restricted grant			
Before restatement		5,881,354,275	6,319,360,264
Effect of opening balance restatement		(501,872,505)	-
Reversal of capitalization of BRT buses	5.12	143,119,663	12,635,473
Exchange gain (Reversal of advances and restricted grant)	5.2	(86,652,886)	(608,087,991)
Exchange loss reversed on payable	5.2	42,783,442	13,528,995
Exchange loss (Reversal of fixed assets and restricted grant)	5.2	2,738,683	-
Exchange gain (Reversal of fixed assets and restricted grant)	5.2	-	(19,172,494)
Recognizing grant against the BRT buses	5.9	668,538,196	182,616,919
Exchange rate difference related to restricted grant	5.3	130,552	4,647,273
Exchange rate difference related to advances	5.3	(156)	-
Early recognition of grant	5.13	(182,380,605)	-
Exchange loss reversal on early recognition of grant	5.13	1,911,410	-
Due to payments by ADB against grant recognized on receivable	5.11	(167,597,731)	(88,040,680)
Stores and spares (Reversal of advances, recording of expense and balance as a liability)	5.7	(87,236,365)	-
Exchange loss related to restricted grant	5.2	(622,711)	-
		(167,141,013)	(501,872,505)
After restatement		5,714,213,262	5,817,487,759

- 5.13** A payment made in July 2020 by the ADB against payable to Xiamen Golden Dragon was erroneously recorded in the year ending June 30, 2020. The error has been rectified by reversing early recognition of restricted grant, related exchange loss and settlement of liability.

Balance Sheet Items	Note	2020 (RUPEES)	2019 (RUPEES)
Current Liabilities			
Accrued and other liabilities			
Before restatement		459,376,375	165,800,613
Effect of opening balance restatement		6,562,931	-
Payment made in next year therefore payable reversed	5.13	180,469,195	-
Exchange loss reversed on payable	5.2	(42,783,442)	(13,528,995)
Exchange loss on payable	5.10	46,058,374	13,542,681
Exchange rate changes related to payable		-	(13,686)
Exchange gain on payment to payable reversed	5.2	492,159	-
Payable against store and spares consumed	5.7	21,093,705	-
Homologation charges (Reversal of advances & recording payment of liability)	5.8	(22,268,477)	-
Homologation charges (Capitalization and recording of liability)	5.5	15,705,546	6,562,931
		205,329,991	6,562,931
After restatement		664,706,366	172,363,544

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Income Statement Items		For the year ended June 30, 2020		
	Note	Before restatement	Effect of restatement	After restatement
Income				
Deferred grant income recognized	5.7	134,310,734	87,236,365	221,547,099
Amortization of deferred capital grant	5.1	168,145,231	(7,729,936)	160,415,295
		302,455,965	79,506,429	381,962,394
Expenditure				
Total expenditure		302,455,965	79,506,429	381,962,394
Expenses line item restated are:				
BRT stores, spares and tools	5.7	-	87,236,365	87,236,365
Depreciation on operating assets	5.1	165,923,593	(7,729,936)	158,193,657
		165,923,593	79,506,429	245,430,022

6. Reclassification adjustment

BRT fleet amount to PKR 2,445,691,782/- appearing at Written Down Value (W.D.V) as at June 30, 2020 before rectification of error has been reclassified to operating fixed assets schedule for the better presentation and comparability of the financial statements.

	NOTE	June 30, 2021 RUPEES	June 30, 2020 RUPEES
7. Property, plant and equipment			
Fixed assets at Written Down Value		8,239,847,088	2,383,467,669

(Fixed assets schedule along with the details is annexed as per annexure - A).

8. Enterprise Resource Management Software

Cost			
Opening balance		-	-
Addition		3,381,304	-
As at June 30		3,381,304	-
Amortization			
Opening balance		-	-
Add: For the year amortization		507,196	-
As at June 30		507,196	-
Written down value/Net book value		2,874,108	-

Amortization rate: 20%
Useful life: Five years
Amortization method: Straight line

9. Long Term Security Deposits

Security deposit		430,000	300,000
	9.1	430,000	300,000

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- 9.1 This represent amount given as security to Pakistan State Oil (PSO) for issuance of four fleet cards for office vehicles and to University of Peshawar for installation of electricity meters at bicycle stations.

	NOTE	June 30, 2021 RUPEES	June 30, 2020 RUPEES
10. Advance against BRT Fleet and ITS System			
Advance against BRT Fleet			
Unsecured - considered good:			
Xiamen Golden Dragon Bus Co. Limited	10.1	405,545,932	1,549,405,015
Import duties, taxes & other charges	10.2	48,209,454	547,377,088
		453,755,386	2,096,782,103
Advance against Intelligence Transport System			
Unsecured - considered good:			
LMK Resources Pakistan (Private) Limited, Santel & E-Hualu	10.3	10,347,905	1,012,456,225
Import duties, taxes & other charges		-	806,808,492
		10,347,905	1,819,264,717
		<u>464,103,291</u>	<u>3,916,046,820</u>

- 10.1 This represents advance payment made for 62 BRT buses, tools and equipment as per terms of the contract signed with Xiamen Golden Dragon Bus Co. Limited on March 12, 2018 for the "Peshawar Sustainable Bus Rapid Transit Corridor Project".

- 10.2 This represents advances made to custom authorities, The Bank Of Khyber and clearing agent in respect of import duties, taxes, custom duties , LC and others charges.

- 10.3 Contract for BRT System Control Goods and Service was signed between TransPeshawar and Joint Venture of LMK Resources Pakistan (Private) Limited, Beijing Santel Technology & Trading Corp, and Beijing E-Hualu Information Technology Co. LTD (Contractor) on December 31, 2018 at the total contract value of "USD 13,904,401 and PKR 9,594,611,281" excluding all the custom duties and taxes on price indicated in price schedule for the supply of goods.

11 Receivable from ADB

This represents the balance amount receivable from ADB in respect of recognized BRT buses, tool & chargers, stores & spares, ITS system & Zu cards delivered and consultancy services received. The amount shall be paid to the contractors and consultants as per the terms of contracts. The payable amount is reflected in note 16.1 to these financial statements.

	NOTE	June 30, 2021 RUPEES	June 30, 2020 RUPEES
12 Other Advances, Deposits and Receivables			
Advances to suppliers		-	2,949,000
Advance tax		2,540,021	2,429,540
Security deposits	12.1	8,400,000	8,400,000
Zu Cards sales receivable from LMKR		7,877,400	-
Earned fare receivable from LMKR		19,675,412	-
Advance to employees		93,268	73,545
Other advances		3,367,982	64,562
		<u>41,954,083</u>	<u>13,916,647</u>

- 12.1 This represents the adjustable / refundable security deposit paid to the City District Government against lease of land at Kohat Adda for BRT Bus Terminal.

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	NOTE	June 30, 2021 RUPEES	June 30, 2020 RUPEES
13 Cash and bank balances			
Local currency:			
Current account		221,022,557	3,197
Saving accounts	13.1	1,572,197,752	1,722,839,060
		<u>1,793,220,309</u>	<u>1,722,842,257</u>

13.1 Saving accounts carry mark up at the rate 5.5% to 7.5% (2020: 6.5% to 11.25%) per annum.

14. Deferred Capital Grant

Opening balance		2,383,467,669	664,389,151
Transferred from restricted grant	15 & 15.3	6,547,812,791	1,879,684,722
		<u>8,931,280,460</u>	<u>2,544,073,873</u>
Less amortization against:			
Depreciation on fixed operating assets	14.1	(688,052,068)	(158,193,657)
Amortization of intangible asset		(507,196)	-
Loss on disposal of property, plant and equipment		-	(2,221,638)
Proceeds from disposal of property, plant and equipment		-	(190,909)
	14.1	<u>(688,559,264)</u>	<u>(160,606,204)</u>
		<u>8,242,721,196</u>	<u>2,383,467,669</u>

14.1 During the year 2019-20, BRT fleet and its depreciation were disclosed separately from other operating assets. However during the current financial year, they have been re-classified under the Fixed Assets Schedule (Note. 7). The depreciation of BRT buses along with the depreciation of other operating assets have been recognized as income against deferred capital grant as per policy note 4.11 to these financial statements.

	NOTE	June 30, 2021 RUPEES	June 30, 2020 RUPEES
15. Restricted grant			
Opening balance		5,714,213,262	5,817,487,759
Grant recognized during the period	15.1	5,270,774,870	1,813,251,508
Interest income		91,564,887	184,514,907
Funds utilized during the period	15.2	(2,614,263,386)	(221,547,099)
Transferred to deferred capital grant	14 & 15.3	(6,547,812,791)	(1,879,684,722)
Proceeds from disposal of property, plant and equipment		-	190,909
		<u>1,914,476,842</u>	<u>5,714,213,262</u>
15.1 Grant recognized during the period			
Government of Khyber Pakhtunkhwa		1,650,000,000	199,636,000
Asian Development Bank		3,620,774,870	1,613,615,508
		<u>5,270,774,870</u>	<u>1,813,251,508</u>
15.2 Funds utilized during the period			
Funds utilized for:			
Project operation expenditure		3,814,658,790	260,020,224
Company administration expenditure		167,071,753	119,720,532
Provision for income tax	4.12	59,735,532	-
Less: Amortization	8	(507,196)	-
Less: Depreciation	7	(688,052,068)	(158,193,657)
Less: Funded from company's own revenue generation		<u>(738,643,425)</u>	<u>-</u>
		<u>2,614,263,386</u>	<u>221,547,099</u>

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The company recognized its income from restricted fund to the extent of expenses incurred as stated in the policy note 4.11 to these financial statements.

15.3 Transferred to deferred capital grant

An amount equal to assets capitalized (Note. 7 and 8) during the year has been transferred from restricted grant to deferred capital grant as per policy stated in note 4.10 "deferred capital grant" to these financial statements.

	NOTE	June 30, 2021 RUPEES	June 30, 2020 RUPEES
16. Accrued and Other Liabilities			
Payable to suppliers	16.1	2,286,708,057	655,117,759
Provision for income tax	4.12	59,735,532	-
Reserve fund payable		59,533,211	111,542
Provident fund payable		43,009	-
Accrued liabilities	16.2	285,651,635	5,794,227
Tax payable		41,386,006	35,942
Performance security		10,640,244	2,023,494
Other payables		3,319,470	1,623,402
		<u>2,747,017,164</u>	<u>664,706,366</u>

16.1 This represents amount payable to M/S Xiamen Golden Dragon, LMKR, JV of Exponent Engineers (Pvt) Limited & Logit Consulting.

16.2 Accrued liabilities includes payable against services of BRT Vehicle Operations, Intelligent Transport System, repair and maintenance, fuel supply and electricity expense for the month of June 2021.

17 Contingencies and Commitments

17.1 Contingencies

a) Office building rent

TransPeshawar (The Urban Mobility Company) office activities are performed from May 2020 in the building situated at KPUMA building main BRT depot Chamkani Peshawar which is owned by KPUMA and there is no rent agreement/understanding between the company and authority regarding office/building rent and the management has not booked any provision for the year ended June 30, 2021 in its books of account.

b) Infrastructure charges

The TransPeshawar's transport vehicles are operated on the routes/stations whose ownership is not yet confirmed. The company management is not in the position to estimate the maintenance/usage or other charges that may be claimed by the government authority once the ownership of the BRT routes/stations is transferred to it.

c) No provision for income tax

As detailed in note 4.12 to these financial statements the company intends to claim tax credit equal to one hundred per cent of the tax payable and no provision for taxation has been made for the prior years in these financial statements as the management is confident that they have complied with the requirements of Section 100C of Income Tax Ordinance, 2001 in respect of prior years.

17.2 Commitments

The details of the commitments as at June 30, 2021 are as follows:

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- a) On March 12, 2018, TransPeshawar entered in to an agreement with M/s Xiamen Golden Dragon Company Limited for 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" at price in USD 48,479,844 equivalent to PKR 7,635,192,439.

As at June 30, 2021 the Company's capital expenditure commitment against the above agreement amounts to USD 18,671,080 equivalent to PKR 2,940,547,598.

- b) On March 12, 2018, TransPeshawar entered in to an agreement with M/s Xiamen Golden Dragon Company Limited 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" at price in PKR 366,179,086.

As at June 30, 2021 the Company's capital expenditure commitment against the above agreement amounts to PKR 261,780,142.

- c) On December 31, 2018, TransPeshawar entered into an agreement with Joint Venture of LMK Resources Pakistan (Pvt) Ltd, Beijing Santel Technology & Trading Corporation and Beijing E-Hualu Information Technology Company Limited for purchase and installation of "Intelligence Transport System" for "Peshawar Sustainable Bus Rapid Transit Corridor Project" at price of PKR 2,316,179,644/- in (USD 13,904,401/- equivalent to PKR 2,189,833,313) and in PKR 126,346,331.

As at June 30, 2021 the Company's capital expenditure commitment against the above agreement amounts to PKR 1,235,732,186/- in (USD 7,532,004/- equivalent to PKR 1,186,231,127) and in PKR 49,501,059.

- d) The exchange rate used in translating foreign currency commitments is the State Bank of Pakistan exchange rate of PKR 157.4921 / USD as on June 30, 2021.

	NOTE	June 30, 2021 RUPEES	June 30, 2020 RUPEES
18 Income from BRT Operations			
BRT fare earned		677,043,625	-
BRT Zu cards sales receipts		60,704,300	-
Shops rental income		895,500	-
		<u>738,643,425</u>	<u>-</u>
19 Other Income			
Penalty income		479,260	-
Tender fee income		150,000	330,000
Women buses rentals		9,000	28,000
		<u>638,260</u>	<u>358,000</u>

20 BRT Vehicles Operating Expenditure

TransPeshawar has entered into an agreement with North South Travels (Pvt.) Limited for the operation of BRT Fleet buses. Fixed rate per Kilo Meter is charged, which is adjusted on the basis of changes in agreed variables. The billing is being made on monthly basis.

21 BRT Intelligent Transport Services

TransPeshawar has entered into a contract with a joint venture of LMK Resource Pakistan, Beijing Santal Technology & Trading Corporation and Beijing E-Huala Information Technology Co. Ltd. The services provided under this contract include ITS services, Automatic Fare Card, Station Management Services and Bicycle Sharing Services.

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22 Operation & Maintenance of BRT

TransPeshawar has entered into contracts with three different companies (JV of CEMS & ESL, MESI Enterprises and Pro-tech Solutions) for the operation and maintenance of BRT equipment. MESI Enterprises is responsible for the operation, repair and maintenance of electrical equipment, station lights and passenger service doors; JV of CEMS & ESL is responsible for the operation and maintenance of generators, dewatering pumps and fuel for generators; and Pro-tech Solutions is responsible for the operation and maintenance of elevators, escalators and allied services.

23 Bus Industry Restructuring Program (BIRP) Expenditure

Under the Bus Industry Restructuring Program (BIRP), old wagons, mini buses and buses are bought from their owners at predetermined approved prices and then scrapped. The scrap is sold to a contractor @ PKR 37.6 per KG. The program is approved in PC1 of the BRT project with a budgeted amount of PKR 1.052 billion.

	NOTE	June 30, 2021 RUPEES	June 30, 2020 RUPEES
24 Utilities			
24.1 Project's utilities expenses			
Electricity		81,281,673	989,509
Fuel for generators		28,692,503	1,243,574
Water		3,667,300	-
		<u>113,641,476</u>	<u>2,233,083</u>
24.2 Company's utilities expenses			
Telephone and internet charges		2,591,026	1,184,408
Water		404,533	92,326
		<u>2,995,559</u>	<u>1,276,734</u>

25 Consultancy services

Consultancy services include payments for consultancy services provided by ODBM consultant, bus fire investigation consultant and consultant hired under BIRP program for enlistment of wagons and buses owners.

26 Salaries, Allowances and Other Benefits

Salaries, allowances and other benefits includes an amount of PKR 6,745,125/- (2020: PKR 4,772,915/-) in respect of staff retirement benefits (Provident Fund).

	NOTE	June 30, 2021 RUPEES	June 30, 2020 RUPEES
27 Other Expenses			
Petrol, oil and lubricants		765,608	974,037
Office rent		-	9,086,000
Travelling and conveyance		114,737	331,619
Seminars and workshops		21,000	22,484
Printing and stationery expenses		423,300	174,818
Legal and professional fee		600,000	810,000
Auditors' remuneration	27.1	640,250	498,670
Meeting expenses		469,038	217,278
IT expense		-	432,346
Bank charges		36,553	63,641
Postage and courier		6,355	85,619
Books and periodicals		107,500	35,172
Loss on disposal of property, plant and equipment		-	2,221,638
Miscellaneous		342,245	135,455
		<u>3,526,586</u>	<u>15,088,777</u>

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	NOTE	June 30, 2021 RUPEES	June 30, 2020 RUPEES
27.1 Auditors' Remuneration			
Annual audit fee		403,250	400,000
Out of pocket expenses		143,500	98,670
Compliance review report		93,500	-
		<u>640,250</u>	<u>498,670</u>

28 Unrestricted Income

As the restricted grants are recognized in the statement of income and expenditure equal to the extent of expenditure incurred, therefore, no surplus or deficit arises under restricted grant and all the surplus/(deficit) balance reported relates to unrestricted grant/income.

29 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:

	June 30, 2021			
	Chief Executive	Other Directors	Executive	Total
Managerial remuneration	14,973,709	-	77,234,262	92,207,971
	<u>14,973,709</u>	<u>-</u>	<u>77,234,262</u>	<u>92,207,971</u>
Number of persons	1	13	20	21
	June 30, 2020			
	Chief Executive	Other Directors	Executive	Total
Managerial remuneration	10,080,000	-	53,387,380	63,467,380
	<u>10,080,000</u>	<u>-</u>	<u>53,387,380</u>	<u>63,467,380</u>
Number of persons	1	13	11	25

30 Transaction with Related Parties

Related parties comprise of associated companies, directors of the company, companies in which directors are interested, key management personnel, post employment benefit plans and close members of the families of the directors and key management personnel. The related parties of the company comprise of the controlling authority (Government of Khyber Pakhtunkhwa) and the Chief Executive Officer and directors of the company. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

30.1 Name and nature of relationship

a) Government of Khyber Pakhtunkhwa

TransPeshawar (The Urban Mobility Company) is wholly controlled by Government of Khyber Pakhtunkhwa.

b) Chief Executive Officer

Chief Executive Officer is included in the Key Management Personnel of the company.

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c) Directors

Directors are included in the Key Management Personnel of the company.

30.2 Transactions with related parties

	NOTE	June 30, 2021 RUPEES	June 30, 2020 RUPEES
Remuneration paid to Chief Executive Officer		14,973,709	10,080,000
Grant received from Government of Khyber Pakhtunkhwa		1,650,000,000	199,636,000
		<u>1,664,973,709</u>	<u>209,716,000</u>

31 Provident Fund

31.1 Disclosures with regard to provident fund:

Size of the Fund	29,311,029	18,221,436
Cost of investment made	26,355,884	18,221,436
Fair value of investment	26,355,884	18,221,436
Percentage of investment made	89.92%	100%

31.2 The provident fund amount is deposited in a saving account opened with the Bank Islami for this purpose.

32 Financial Risk Management

32.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and price risk). The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk.

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.

a) Credit Risk:

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed to perform as contracted. The Company's credit risk is primarily attributable to advances, accrued interest and balances at banks. The Company maintains its deposits and bank balances with reputable financial institutions with high credit worthiness. The carrying amount of the financial assets represent the maximum credit risk exposure and are as follows:

	June 30, 2021 RUPEES	June 30, 2020 RUPEES
Financial Assets		
Long Term Security Deposits	430,000	300,000
Receivable from ADB	2,286,708,057	655,117,759
Accrued Interest Income	40,482,988	84,025,145
Security deposits	8,400,000	8,400,000
Zu Cards sales receivable	7,877,400	-
Fare receivable from LMKR	19,675,412	-
Other advances	3,367,982	64,562
Advance to employees	93,268	73,545
Cash and bank balances	<u>1,793,220,309</u>	<u>1,722,842,257</u>
	<u>4,160,255,416</u>	<u>2,470,823,268</u>

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To manage exposure to credit risk in respect of receivables, management performs credit reviews taking into account the organization's financial position, past experience and other factors.

The credit quality of Company's bank balances can be assessed with reference to the external credit ratings as follows:

Name of the bank	Rating		
	Agency	Short term	Long term
The Bank of Khyber	PACRA	A1	A
National Bank of Pakistan	PACRA	A1+	AAA

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 major credit risk concentration of the company is receivable from ADB and cash at bank balances.

Impairment of financial assets

During the year no financial assets have been impaired.

b) Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash. The below Company's financial liabilities are payable within one year from the reporting date and represent the carrying amount as well as the contractual cash outflows at the report date.

		June 30, 2021	June 30, 2020
		RUPEES	RUPEES
Payable to supplier	16.1	2,286,708,057	655,117,759
Reserve fund payable		59,533,211	111,542
Provident fund payable		43,009	-
Accrued Liabilities	16.2	285,651,635	5,794,227
Performance security		10,640,244	2,023,494
Other payables		3,319,470	144,303
		<u>2,645,895,626</u>	<u>663,191,325</u>

c) Market Risk:

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is not exposed to such risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

Presently the Company is not exposed to any foreign currency risk as the payable balance in USD is also the receivable balance from ADB in USD.

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Interest rate risk

Interest/mark up rate risk arises from the possibility that the changes in the interest rate / mark up rates will effect the value of financial instruments. The Company does not have any significant investment except cash at bank which is kept in saving account and hence is not exposed to any material interest rate risk.

At the year end the company is not exposed to interest rate risk as the company has no investment in interest bearing instrument, therefore, no sensitivity analysis has been presented.

Price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate 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. The company is not exposed to price risk.

32.2 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 the financial assets and liabilities reflected in the financial statements are a reasonable approximation of their fair values

32.3 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.

Objectives

The main objective of the Company's Fund Management is serve the general public by providing modern transport services

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Policies and process to managing fund

Funds balances are assessed and adjustments made, if any, based on the changes in economic conditions.

There has been no externally imposed fund requirements on the company

32.4 Financial instruments by categories

2021		
Interest bearing	Non- Interest bearing	
Maturity up to one year	Maturity up to one year	Total
Financial Assets		
Long Term Security Deposits	- 430,000	430,000
Receivable from ADB	- 2,286,708,057	2,286,708,057
Accrued Interest Income	- 40,482,988	40,482,988
Security Deposits - Short Term	- 8,400,000	8,400,000
Zu Cards sales receivable	- 7,877,400	7,877,400
Fare receivable from LMKR	- 19,675,412	19,675,412
Other advances	- 3,367,982	3,367,982
Advance to employees	- 93,268	93,268
Cash and bank balances	1,793,220,309 -	1,793,220,309
	<u>2,367,035,107</u>	<u>4,160,255,416</u>
Financial Liabilities		
Payable to supplier	- 2,286,708,057	2,286,708,057
Reserve fund payable	- 59,533,211	59,533,211
Provident fund payable	- 43,009	43,009
Accrued Liabilities	- 285,651,635	285,651,635
Performance security	- 10,640,244	10,640,244
Other payables	- 3,319,470	3,319,470
	<u>2,645,895,626</u>	<u>2,645,895,626</u>
2020		
Interest bearing	Non- Interest bearing	
Maturity up to one year	Maturity up to one year	Total
Financial Assets		
Long Term Security Deposits	- 300,000	300,000
Receivable from ADB	- 655,117,759	655,117,759
Accrued Interest Income	- 84,025,145	84,025,145
Security Deposits - Short Term	- 8,400,000	8,400,000
Other advances	- 64,562	64,562
Advance to employees	- 73,545	73,545
Cash and bank balances	1,722,842,257 -	1,722,842,257
	<u>1,722,842,257</u>	<u>2,470,823,268</u>

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	2020	
	Interest bearing	Non- Interest bearing
	Maturity up to one year	Maturity up to one year
		Total
Financial Liabilities		
Payable to supplier	-	655,117,759
Reserve fund payable	-	111,542
Accrued Liabilities	-	5,794,227
Performance security	-	2,023,494
Other payables	-	144,303
	-	663,191,325

33 COVID-19 Impact

The COVID - 19, which has spread after December 31, 2019, has had a material adverse effect on the world economy. Measures taken to combat the spread of the virus have caused material economic downturn. Global transport operations are experiencing high volatility of demand and prices, which resulted in the reduction of transport operations globally. These condition may adversely effect the operations of the company as its revenue is directly link with the transport operations. The duration and consequences of the COVID - 19 pandemic, as well as the efficiency of the measures taken are currently unclear, however, the company is operational. It is currently impossible to make a reliable assessment of the duration and effect of the consequences of the pandemic on the entity's financial position and results of operations in future reporting periods.

34 Number of employees

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

2021 Number	2020 Number
61	40
61	33

35. Date of Authorization

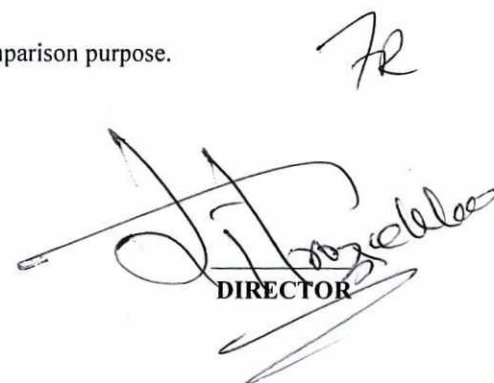
These financial statements were authorized for issue on 24 MAR 2022 by the board of directors of the Company.

36. Figures

- of the previous year have been rearranged and regrouped wherever necessary for comparison purpose.
- have been rounded off to the nearest rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR

7. Fixed Assets Schedule

Annexure - A

JUNE 30, 2021

P A R T I C U L A R S	C O S T					R A T E %	D E P R E C I A T I O N			W.D.V.	
	As at 7/1/2020	Re classification	Additions	Disposal	As at 6/30/2021		As at 7/1/2020	Adjustment	For the year	As at 6/30/2021	As at 6/30/2021
	Restated						Restated				
Electrical equipment	6,691,527	-	2,977,352	-	9,668,879	30%	3,939,885	-	1,089,631	5,029,516	4,639,363
Computer equipment	6,540,042	-	6,397,109	-	12,937,151	30%	2,311,249	-	3,154,819	5,466,068	7,471,083
Office equipment	983,318	-	1,226,332	-	2,209,650	30%	920,964	-	274,101	1,195,065	1,014,585
Furniture	5,053,760	-	6,559,917	-	11,613,677	20%	2,465,866	-	1,539,423	4,005,289	7,608,388
Office renovation	122,423	-	1,279,626	-	1,402,049	20%	50,472	-	227,661	278,133	1,123,916
BRT Civil Works	1,351,490	-	1,066,812	-	2,418,302	20%	38,240	-	384,793	423,033	1,995,269
Pool Vehicles	11,720,024	-	-	-	11,720,024	20%	4,863,566	-	1,371,292	6,234,858	5,485,166
BRT Fleet	2,433,385,154	-	3,686,484,033	-	6,119,869,187	8%	135,718,572	-	424,789,833	560,508,405	5,559,360,782
Slow and Fast chargers	-	-	82,520,912	-	82,520,912	20%	-	-	7,501,901	7,501,901	75,019,011
Women bus service fleet	103,972,568	-	-	-	103,972,568	20%	36,043,823	-	13,585,749	49,629,572	54,342,996
ITS system	-	-	2,755,919,394	-	2,755,919,394	10%	-	-	234,132,865	234,132,865	2,521,786,529
Rupees 2021	2,569,820,306	-	6,544,431,487	-	9,114,251,793		186,352,637	-	688,052,068	874,404,705	8,239,847,088

JUNE 30, 2020

P A R T I C U L A R S	C O S T					R A T E %	D E P R E C I A T I O N			W.D.V.	
	As at 7/1/2019	Re classification	Additions	Disposal	As at 6/30/2020		As at 7/1/2019	Adjustment	For the year	As at 6/30/2020	As at 6/30/2020
	Restated				Restated		Restated				Restated
Electrical equipment	8,007,781	(200,104)	16,500	(1,132,650)	6,691,527	30%	3,217,495	(608,526)	1,330,916	3,939,885	2,751,642
Computer equipment	2,891,152	1,570,580	2,099,810	(21,500)	6,540,042	30%	946,465	(8,170)	1,372,954	2,311,249	4,228,793
Office equipment	2,246,836	(1,263,518)	-	-	983,318	30%	876,360	-	44,604	920,964	62,354
Furniture	6,553,339	(1,572,179)	72,600	-	5,053,760	20%	1,822,682	-	643,184	2,465,866	2,587,894
Office renovation	1,142,361	1,465,221	-	(2,485,159)	122,423	20%	311,651	(610,066)	348,887	50,472	71,951
BRT Civil Works	-	-	1,351,490	-	1,351,490	20%	-	-	38,240	38,240	1,313,250
Pool Vehicles	11,720,024	-	-	-	11,720,024	20%	3,149,452	-	1,714,114	4,863,566	6,856,458
BRT Fleet - Note 7.4	557,240,832	-	1,876,144,322	-	2,433,385,154	8%	-	-	135,718,572	135,718,572	2,297,666,582
Women bus service fleet	103,972,568	-	-	-	103,972,568	20%	19,061,637	-	16,982,186	36,043,823	67,928,745
Rupees 2020	693,774,893	-	1,879,684,722	(3,639,309)	2,569,820,306		29,385,742	(1,226,762)	158,193,657	186,352,637	2,383,467,669

7.1. Allocation of depreciation	June 30, 2021	June 30, 2020
Project Operation Expenditure	680,395,141	152,738,998
Company Administrative Expenditure	7,656,927	5,454,659
	<u>688,052,068</u>	<u>158,193,657</u>

Depreciation on electrical, computer & office equipment, furniture, office renovation and pool vehicles is charged to "Company Administrative Expenditure" while depreciation on the rest is charged to "Project Operation Expenditure"

7.2. Depreciation Method:

BRT Buses: Straight Line Method
ITS: Straight Line Method
Other Assets: Reducing balance method

7.3. Useful life:

BRT Buses: 12 years
ITS: 10 years
Other Assets: Ranging from 6 to 10 years

7.4 Restatement of BRT Fleet Buses

The effect of the restatement on operating fixed assets, as detailed in note 5, is as follows:

Particular	Note	As at June 30, 2020	As at June 30, 2019
BRT fleet buses			
Before restatement		2,445,691,782	569,876,305
After restatement		<u>2,297,666,582</u>	<u>557,240,832</u>
Effect of restatement (decrease in value)		<u>(148,025,200)</u>	<u>(12,635,473)</u>

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