



TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022



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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 responsive to 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 The bus fleet is in decay, bus stops are rudimentary, ticketing system is obsolete; operators compete for passengers worsening congestion and impairing safety particularly for female and young passengers.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 organizational 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-motorized 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 bringing 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 ever third generation BRT system in South 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. Riaz Khan Mehsud
Ex Officio, Non-Executive Director

Mr. Amer Latif
Ex Officio, Non-Executive Director

Ms. Fayyaz Ali Shah
Ex Officio, Non-Executive Director

Mr. Basharat Ahmad
Ex Officio, Non-Executive Director

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

Mr. Muhammad Ali Asghar
Ex Officio, Non-Executive Director

Mr. Abdul Basit
Ex Officio, Non-Executive Director

Mr. Zubair Ali
District Nazim/ Mayor Peshawar

Mr. Dilroze Khan
Independent Director

Mr. Isaac Ali Qazi
Independent Director

Mr. Muhammad Ishfaq Khattak
Independent Director

Mr. Fayyaz Ahmad Khan
Executive Director

COMPANY SECRETARY

Mr. Muhammad Aamir Noor, ACA
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

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 four (04) meetings during the year ended June 30, 2022 to oversee the activities of the Company. The attendance record of Directors at the meetings are as follows;

| Director Name | Attendance |
|---|------------|
| Additional Chief Secretary | 4/4 |
| Commissioner Peshawar | 3/4 |
| Secretary Transport and Mass Transit Department | 3/4 |
| DG Peshawar Development Authority | 3/4 |
| Additional Secretary Finance | 3/4 |
| Chief Economist | 2/4 |
| SSP Traffic | 4/4 |
| Executive Director, Urban Policy Unit | 2/4 |
| Mr. Dilroze Khan | 2/4 |
| District Nazim (Additional charge with DC Peshawar) | 3/4 |
| Mr. Isaac Ali Qazi | 3/4 |
| Dr. Rashid Rehan | 3/4 |
| CEO TransPeshawar | 4/4 |
| Mr. Muhammad Ishfaq Khattak | 0/4 |

Audit Committee Meetings and Attendance

The Board Audit Committee held two (02) meetings during the year ended June 30, 2022

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

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.

7.2 Nomination Committee Meetings and Attendance

The Board Nomination Committee held one (01) meeting during the year ended June 30, 2022.

| Director Name | Attendance |
|---|------------|
| Additional Chief Secretary (Chairman) | 1/1 |
| Mr. Dilroze Khan | 1/1 |
| District Nazim (Additional Charge with DC Peshawar) | 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.



7.3 Procurement Committee Meetings and Attendance

The Board Procurement Committee held meeting during the year ended June 30, 2022.

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

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.

7.4 HR Committee Meetings and Attendance

The Board Human Resource Committee held one (01) meeting during the year ended June 30, 2022.

| 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

7.5 Finance Committee Meetings and Attendance

The Board Finance Committee held one (01) meeting during the year ended June 30, 2022.

| Director Name | Attendance |
|------------------------------|------------|
| Mr. Dilroze Khan | 1/1 |
| Dr. Rashid Rehan | 0/1 |
| Chief Economist | 1/1 |
| Additional Secretary Finance | 1/1 |
| 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

One meeting was held of the Board Operations & Strategy Committee held during the year ended June 30, 2022.

| Director Name | Attendance |
|---------------------|------------|
| Secretary Transport | 1/1 |



| | |
|-----------------------------|-----|
| SSP Traffic | 0/1 |
| Mr. Isaac Ali Qazi | 1/1 |
| Dr. Rashid Rehan | 1/1 |
| Mr. Fayyaz Ahmad Khan (CEO) | 1/1 |

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 polices 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

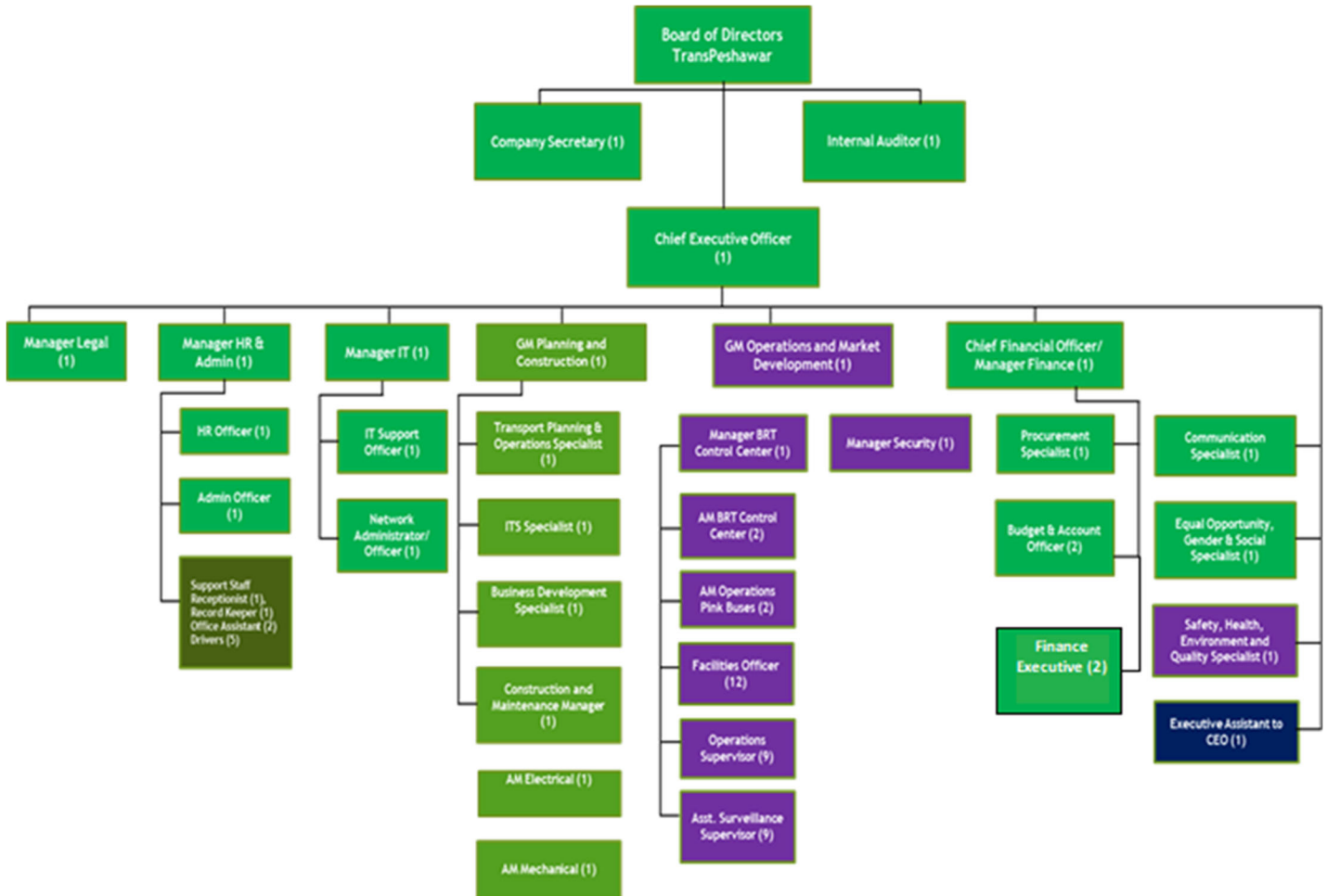
No meeting was held of the Board Finance Committee held during the year ended June 30, 2022.

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 analyze 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



Peshawar, the Provincial capital of Khyber Pakhtunkhwa, is home to millions of people. With rapid urbanization, there was a need for improved and efficient public transport system which would also aid to lessen the load of traffic on the roads. It is evident from research that quality 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 Bus Rapid Transit (BRT) project in collaboration with Asian Development Bank to revamp the existing transport system. The project is a major undertaking not just in the development of the physical infrastructure of the city but also as a catalyst for urban regeneration and economic growth. This state-of-the-art, universally-accessible bus rapid transit system has replaced the old, orthodox, unsafe transport system which failed to cater to the requirements of the urban population of the city, especially the weaker segments of society such as women, children, the elderly and people with disabilities. Currently the project is catering to more than 250,000 passengers every day, 25% of whom are women. As a result, to overwhelming response from the public, Government of Khyber-Pakhtunkhwa will announce further routes in Peshawar for which additional state of the art busses will soon reach Peshawar. The Project has also gained international recognition on multiple forums, and is becoming a role model for other cities.

The Board and its committees have been performing their role of Corporate Governance and providing the Company with excellent strategic direction with great pragmatism, business acumen and diligence.

On behalf of the Board, I also acknowledge with gratitude the outstanding efforts of our management, employees and partners in contributing toward this mega project and transforming it into one of a world class Bus Rapid Transit (BRT) system.

As a Chairman of the Board of Directors of TransPeshawar, I believe that this mega public transport project will change 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 fourth annual report of TransPeshawar (TP). I feel privileged to be one of the pioneer employees of this organization, leading a team of 61 valuable employees and several outsourcing partners. It has been exciting to see TransPeshawar's exceptional growth during the past few years while overcoming all kinds of challenges. After the successful inauguration of BRT Peshawar on 13th August, 2020 the system proved to be a great initiative for providing safe, affordable, inclusive and reliable transport for the residents of Peshawar.

Zu Peshawar has reshaped the City's mobility landscape with special focus on inclusion and accessibility. It replaced an outdated and unregulated transport system, which failed to meet the needs of the citizens, especially the vulnerable segments such as women, children, people with disabilities and the elderly. At present, Zu Peshawar transports over 250,000 passengers on a daily basis, 25% of whom are women. The increase in number of female passengers from 2% to 25% is testament to the acceptability & popularity of the service. TransPeshawar is also providing female with employment opportunities, with 10% of BRT staff being female in an industry used to have no female employment.

This 3rd Generation Bus Rapid Transit is first of its kind in Pakistan which offers several unique features such as environment-friendly hybrid diesel-electric buses, Bicycle Sharing System (last mile connectivity through bicycles) and a Mobile App which allows passengers to plan their journeys, view real-time location of buses/bicycles and pay their fares.

Besides gaining tremendous popularity among the people of Peshawar, Zu Peshawar has also achieved several international recognitions. Zu Peshawar received the Gold Standard BRT Award, making Pakistan the first Country in the sub-continent and 7th in the world with a Gold Standard BRT. The project also received an honorary mention in the Sustainable Transport Awards 2022, by ITDP. Zu Peshawar has been selected among the five finalists for Prize for Cities Award by World Resources Institute (WRI), where a total of 260 projects of 175 cities from 65 countries contended. In addition, Zu Peshawar also received Best Smart Ticketing Program Award from Transport Ticketing Global.

In a short duration of 2 years since operation we increased from 1 to 10 routes and the daily ridership increase from under 100,000 to over 250,000, which is a remarkable achievement. Peshawar BRT is becoming a role model and industry experts around the globe are approaching us to share our successes and lessons learned.

As a Chief Executive Officer, I sincerely hope and wish that together with the support of Government of Khyber Pakhtunkhwa, our partners, consultants, and the TransPeshawar team, we would continue to deliver the best 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. 2,747.84 million in respect subsidy for BRT operations. Funds received from Asian Development Bank (ADB) under the loan No. 3543-Pak is Rs. 787.65 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 2022. is PKR 5,830 million which shows an increase of Rs. 1901 million (48%) as compared to the previous year.

During the second year of operations of the company, the company has managed to achieve the highest number of ridership and this number is sustained during the year. Vehicle operation schedule has been accordingly planned to provide transport services to all commuters. An amount of Rs. 3,831 million has been paid in respect of operations and maintenance. An amount of Rs. 213 million and Rs. 144 million has been paid for Bus Infrastructure Restructuring Program (BIRP) and to the consultant for Operational Design & Business Model of BRT.

Salaries and benefits increased by Rs. 13.3 million (10.4%). The salaries cost increased due to staff increments of 10% on the basic salary and hiring of further staff during the year 2021-22.

Net operating assets decreased by Rs. 815.8 million as a result of surrender of Pink Bused to HED at written down value of PKR 54.32 million and depreciation charge of Rs. 805.2 million. Additions in assets during the year amounts to Rs. 43.8 million.

BRT Fleet decreased by a net amount of Rs. 494 million due to capitalization of further 1 bus amounting to Rs. 34.22 million and depreciation of Rs. 528 million.

Advance against BRT fleet decreased by a net amount of Rs. 17.262 million. Advance has decreased by an amount of Rs. 94.27 million on account of tools, spare parts and one BRT bus and an increase of Rs. 77 million against advance payment on account of tools and spare parts.

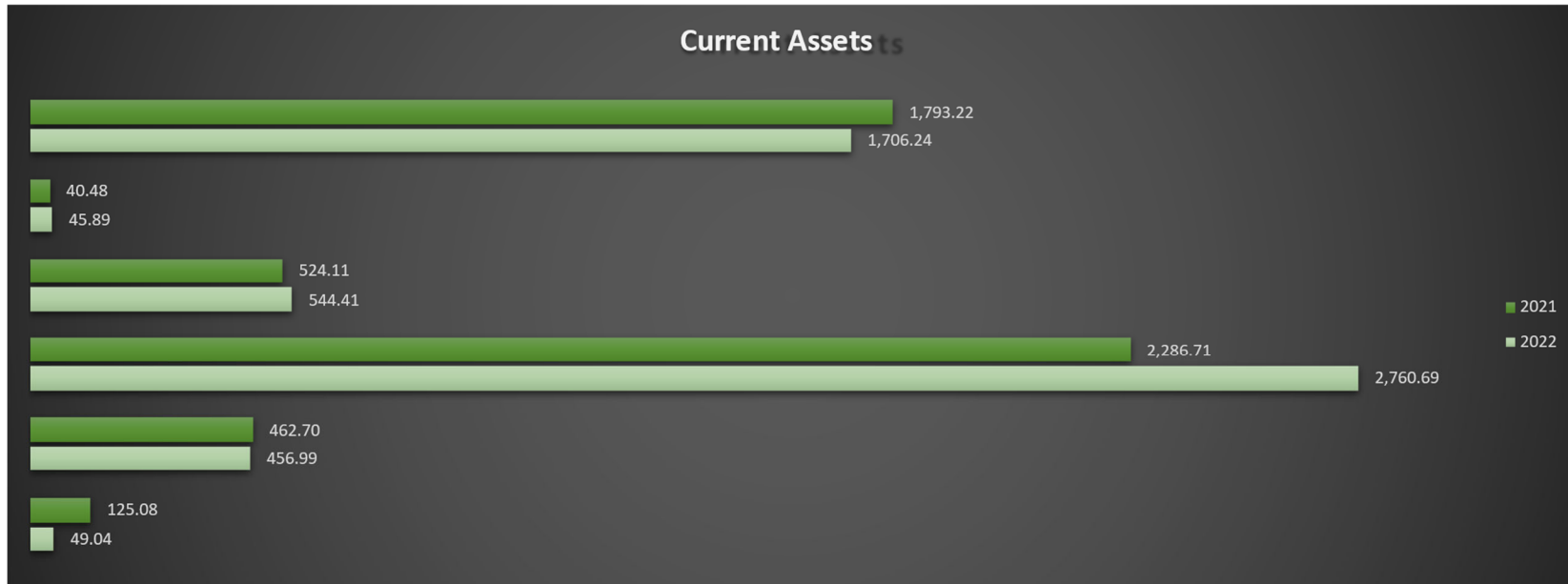
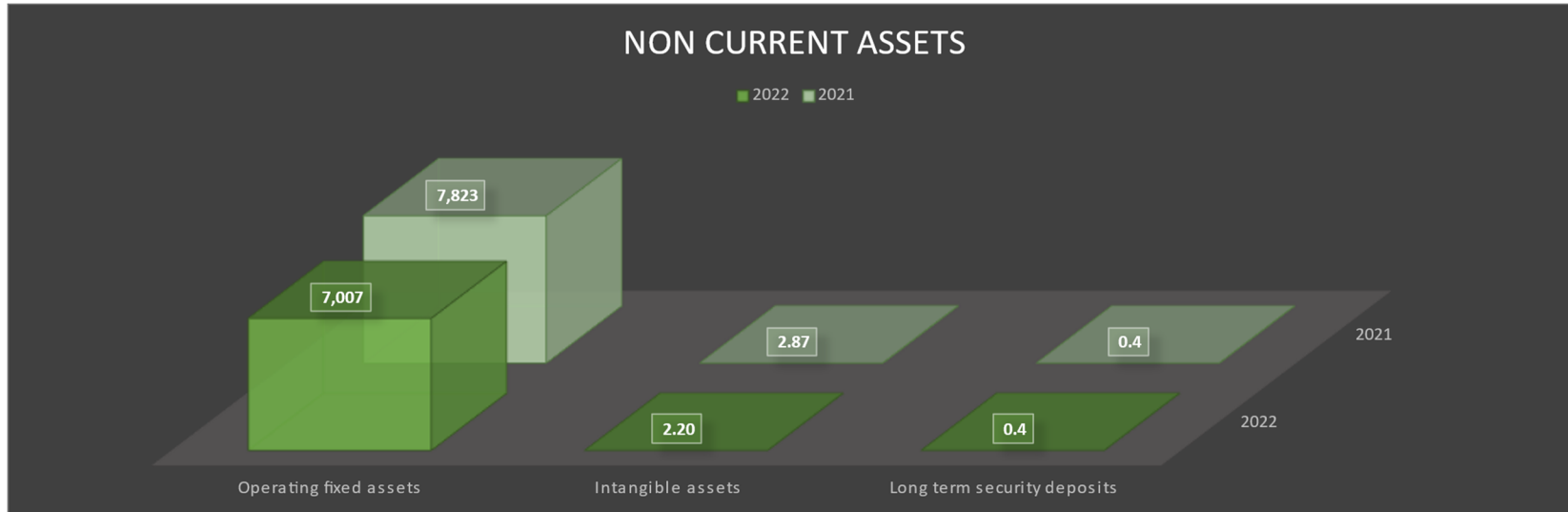
Accrued and other liabilities increased by Rs. 540.814 million to a total balance of Rs. 3228 million. The major amount is attributed to payable of Rs. 1,326.5 million in respect fleet buses accepted (to M/s Xiamen Golden Dragon), Rs. 1434.8 million in respect of ITS system (to M/s LMKR, Santel & E-Hualu) and accrued expenditure of the company for the month of June 2022 amount to Rs. 398 million.



11.1 HORIZONTAL & VERTICAL ANALYSIS – STATEMENT OF FINANCIAL POSITION

| Particulars | 30-Jun-22 | 30-Jun-21 | Variance | | |
|---------------------------------|--------------|--------------|-----------------|---------------|-----------------|
| | | | Amount | Vertical %age | Horizontal %age |
| Non Current Assets | | | Restated | | |
| Operating fixed assets | 7,007 | 7,823 | (816) | 56% ↓ | -10% |
| Intangible assets | 2.20 | 2.87 | (1) | 0% ↓ | -24% |
| Long term security deposits | 0.4 | 0.4 | - | 0% ↑ | 0% |
| Total Non Current Assets | 7,010 | 7,826 | (817) | 56% ↓ | -10% |
| | 0.007 | 0.008 | | | |
| | 0.000 | 0.000 | | | |
| | 0.000 | 0.000 | | | |
| | - | - | | | |

| Particulars | 30-Jun-22 | 30-Jun-21 | Variance | | |
|--|--------------|--------------|-----------------|---------------|-----------------|
| | | | Amount | Vertical %age | Horizontal %age |
| Current Assets | | | Restated | | |
| Zu cards stock | 49.04 | 125.08 | (76) | 0% ↓ | -61% |
| Advance against BRT fleet & ITS System | 456.99 | 462.70 | (6) | 4% ↓ | -1% |
| Receivable from ADB | 2,760.69 | 2,286.71 | 474 | 22% ↑ | 21% |
| Other advances, deposits and receivables | 544.41 | 524.11 | 20 | 4% ↑ | 4% |
| Accrued interest income | 45.89 | 40.48 | 5 | 0% ↑ | 13% |
| Cash and bank balances | 1,706.24 | 1,793.22 | (87) | 14% ↓ | -5% |
| Total Current Assets | 5,563 | 5,232 | 331 | 44% ↑ | 6% |





Total Assets

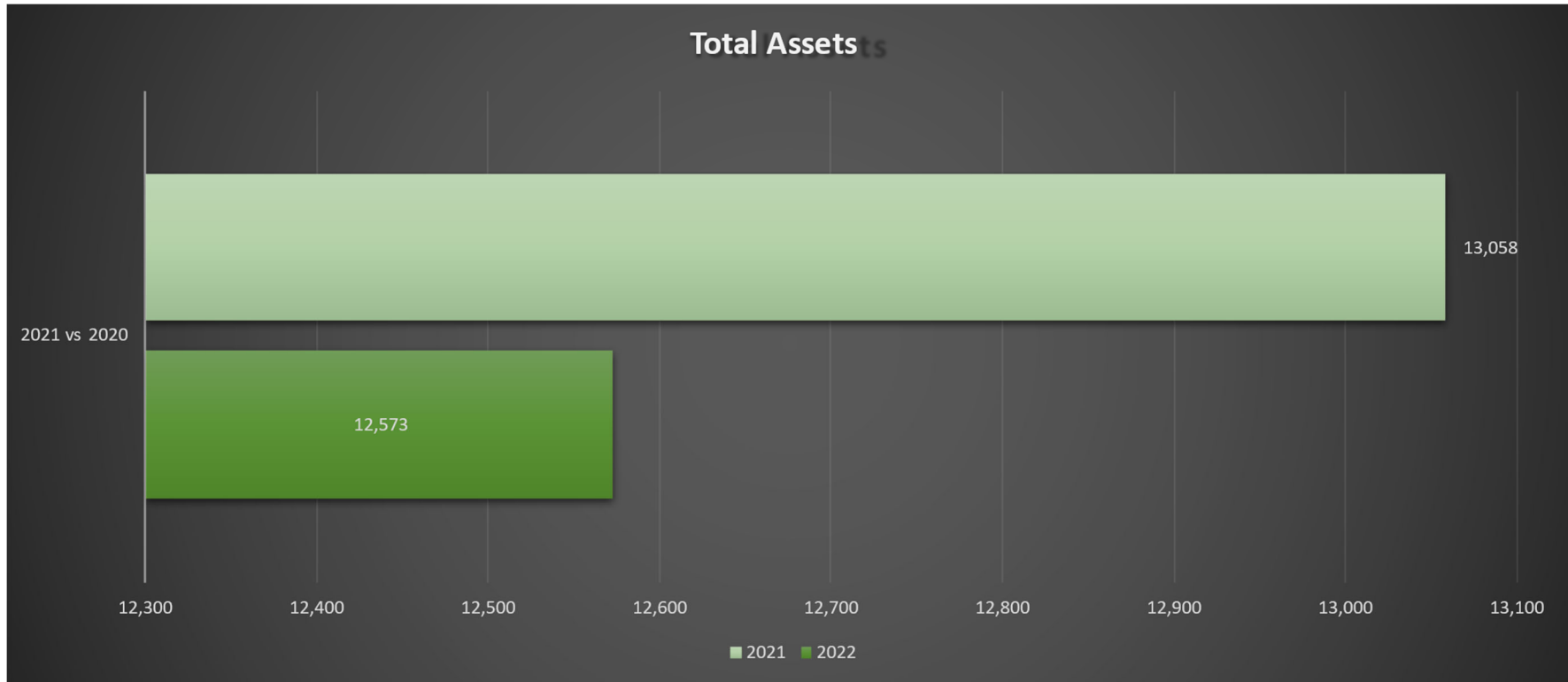
12,572,841,910

13,058,401,836

(485,559,926)



-4%





| Particulars | 30-Jun-22 | 30-Jun-21 | Variance | | | |
|---------------------------------------|--------------|-----------------|----------------|---------------|-----------------|-------------|
| | | | Amount | Vertical %age | Horizontal %age | |
| Non Current Liabilities | | Restated | | | | |
| Deferred capital grant | 7,009.16 | 7,825.66 | (817) | 56% | ↓ | -10% |
| Restricted grant | 2,196.59 | 2,448.23 | (252) | 17% | ↓ | -10% |
| Long term security deposits for shops | - | 0.41 | (0) | 0% | ↓ | -100% |
| Total Non Current Liabilities | 9,206 | 10,274 | (1,069) | 73% | ↑ | -10% |

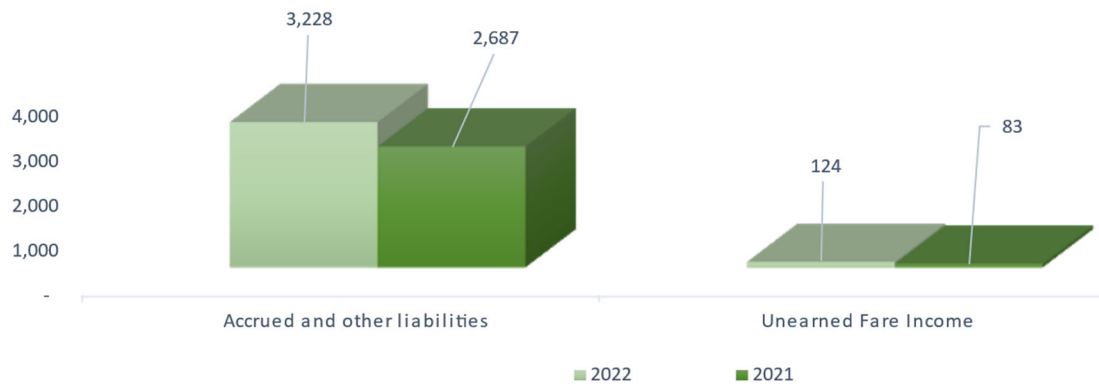
| Particulars | 30-Jun-22 | 30-Jun-21 | Variance | | | |
|----------------------------------|--------------|-----------------|------------|---------------|-----------------|------------|
| | | | Amount | Vertical %age | Horizontal %age | |
| Current Liabilities | | Restated | | | | |
| Accrued and other liabilities | 3,228 | 2,687 | 541 | 26% | ↑ | 20% |
| Unearned Fare Income | 124 | 83 | 41 | 1% | ↑ | 50% |
| Total Current Liabilities | 3,352 | 2,770 | 582 | 27% | ↑ | 21% |



Non Current Liabilities



Current Liabilities





Total Liabilities

12,572,841,910

13,058,401,836

(485,559,926)



-4%

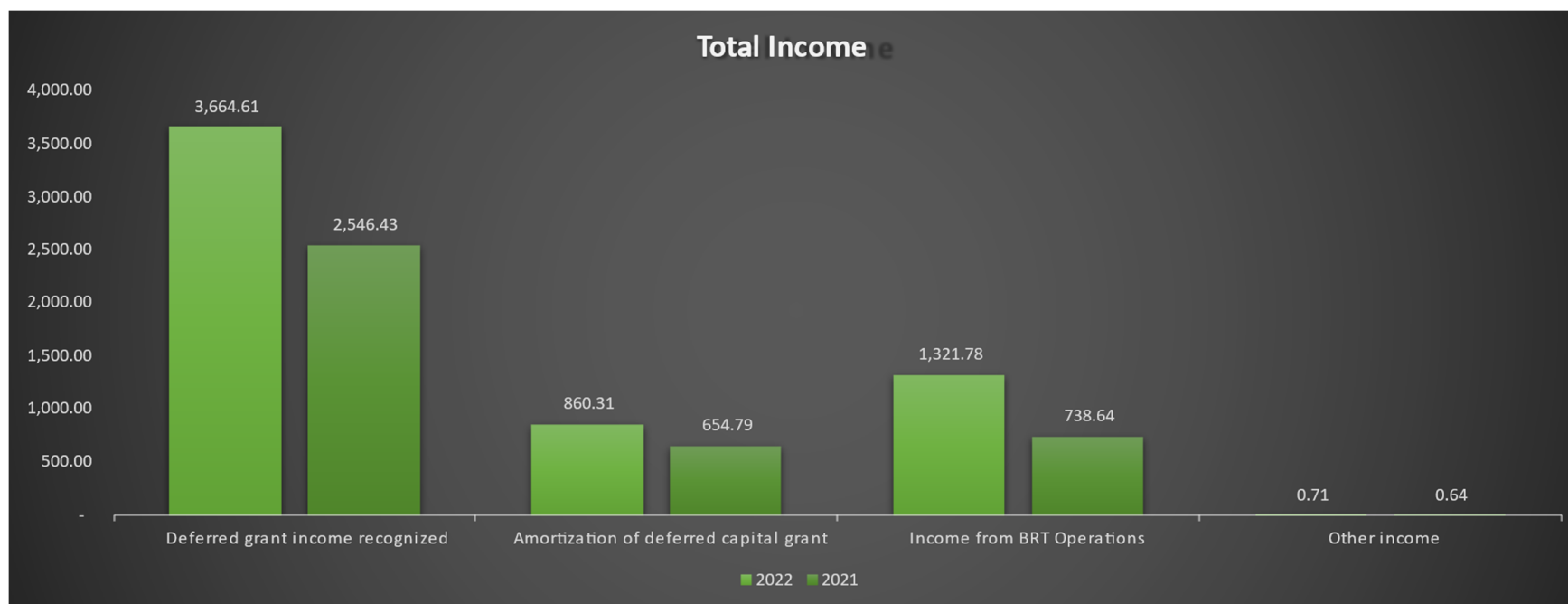
Total Liabilities





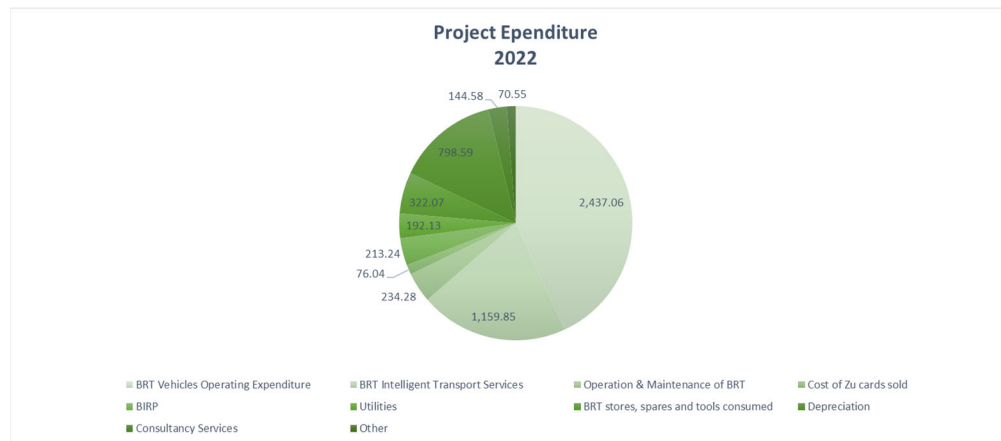
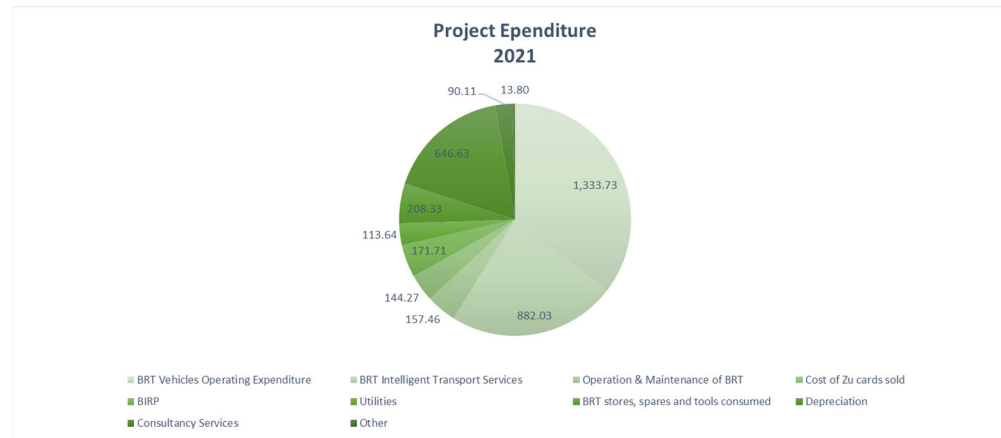
11.2 HORIZONTAL & VERTICAL ANALYSIS INCOME AND EXPENDITURE ACCOUNT

| Particulars | 30-Jun-22 | 30-Jun-21 | Variance Horizontal and Vertical | | |
|--|--------------|-----------------|----------------------------------|---------------|-----------------|
| | | | Amount | Vertical %age | Horizontal %age |
| Income | | Restated | | | |
| Deferred grant income recognized | 3,664.61 | 2,546.43 | 1,118 | 63% ↑ | 44% |
| Amortization of deferred capital grant | 860.31 | 654.79 | 206 | 15% ↑ | 31% |
| Income from BRT Operations | 1,321.78 | 738.64 | 583 | 23% ↑ | 79% |
| Other income | 0.71 | 0.64 | 0 | 0% ↑ | 11% |
| Total Income | 5,847 | 3,941 | 1,907 | 0% ↑ | 48% |





| Particulars | 30-Jun-22 | 30-Jun-22 | Variance | | | |
|---------------------------------------|--------------|-----------------|--------------|---------------|------|------|
| | | | Amount | Vertical %age | %age | |
| Project Expenditure | | Restated | | | | |
| BRT Vehicles Operating Expenditure | 2,437.06 | 1,333.73 | 1,103 | ↑ | 0% ↑ | 83% |
| BRT Intelligent Transport Services | 1,159.85 | 882.03 | 278 | ↑ | 0% ↑ | 31% |
| Operation & Maintenance of BRT | 234.28 | 157.46 | 77 | ↑ | 0% ↑ | 49% |
| Cost of Zu cards sold | 76.04 | 144.27 | (68) | ↑ | 0% ↓ | -47% |
| BIRP | 213.24 | 171.71 | 42 | ↑ | 0% ↑ | 24% |
| Utilities | 192.13 | 113.64 | 78 | ↑ | 0% ↑ | 69% |
| BRT stores, spares and tools consumed | 322.07 | 208.33 | 114 | ↑ | 0% ↑ | 55% |
| Depreciation | 798.59 | 646.63 | 152 | ↑ | 0% ↑ | 24% |
| Consultancy Services | 144.58 | 90.11 | 54 | ↑ | 0% ↑ | 60% |
| Other | 70.55 | 13.80 | 57 | ↑ | 0% ↑ | 411% |
| Total Project Expenditure | 5,648 | 3,762 | 1,887 | | 0% ↑ | 50% |





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 2,747.843 million during the year ended June 30, 2022. The Company has also received a grant of Rs. 787.65 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

**“TRANSPESHAWAR
(THE URBAN MOBILITY COMPANY)”**

**Review Report
On the Statement of Compliance with the
Public Sector Companies (Corporate
Governance) Rules, 2013.**

For the year ended June 30, 2022

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

A Member Firm of
PKF International

**Review Report to the Members
On the Statement of Compliance with the Public Sector Companies (Corporate
Governance) Rules, 2013**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of “**TransPeshawar (The Urban Mobility Company)**” for the year ended June 30, 2022.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended June 30, 2022.

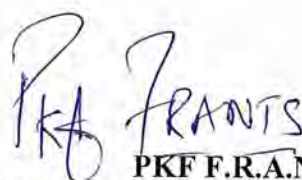
Date: Aug 17, 2023
PESHAWAR

UDIN:
RR202210256d5y0wiIJG

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


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

Zeeshan Ali, FCA
Engagement Partner



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 period ended: June 30, 2022

- 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) | ✓ | |



TransPeshawar (The Urban Mobility Company)

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| | | | | | | |
|-----------------------------------|--|--|---------------------|------|---|---|
| 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 | | | |
| | | 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 | | | |
| | | Dr. Rashid Rehan | 11-Sep-18 | | | |
| | | Deputy Commissioner (Nazim 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) | ✓ | |



TransPeshawar (The Urban Mobility Company)

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| | | | | |
|----|---|--------------|---|--|
| 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) | ✓ | |



TransPeshawar (The Urban Mobility Company)

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| | | | | |
|----|---|--------------|-----|--|
| 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. | 6(1) | ✓ | |
| | (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. | 6(2) | ✓ | |
| | (c) The minutes of the meetings were appropriately recorded and circulated. | 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 | ✓ | |
| 21 | (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. | 10 | ✓ | |
| | (b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors. | | N/A | |
| | (c) The Board has placed the annual financial statements on the company's website. | | ✓ | |



TransPeshawar (The Urban Mobility Company)

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| 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" data-bbox="517 557 1458 984"> <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>Additional Chief Secretary</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>DG PDA</td> </tr> <tr> <td>Audit Committee</td> <td>4</td> <td>Mr. Dilroze Khan</td> </tr> <tr> <td>Risk Management Committee</td> <td>5</td> <td>Secretary Transport</td> </tr> <tr> <td>Operation and Strategy Committee</td> <td>5</td> <td>Secretary Transport</td> </tr> </tbody> </table> | Committee | Number of members | Name of Chair | Nomination Committee | 3 | Additional Chief Secretary | Human Resources Committee | 5 | Mr. Isaac Ali Qazi | Finance Committee | 5 | Mr. Dilroze Khan | Procurement Committee | 5 | DG PDA | Audit Committee | 4 | Mr. Dilroze Khan | Risk Management Committee | 5 | Secretary Transport | Operation and Strategy Committee | 5 | Secretary Transport | 12 | | ✓ |
| Committee | Number of members | Name of Chair | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Nomination Committee | 3 | Additional Chief Secretary | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Human Resources Committee | 5 | Mr. Isaac Ali Qazi | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Finance Committee | 5 | Mr. Dilroze Khan | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Procurement Committee | 5 | DG PDA | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Audit Committee | 4 | Mr. Dilroze Khan | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Risk Management Committee | 5 | Secretary Transport | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operation and Strategy Committee | 5 | Secretary Transport | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | |



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| 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 | The Board has formed an audit committee, with defined and written terms of reference, and having the following members: <table border="1" data-bbox="526 646 1451 932"> <thead> <tr> <th>Name of the member</th> <th>Category</th> <th>Professional Background</th> </tr> </thead> <tbody> <tr> <td>Mr. Dilroze Khan</td> <td>Chairman</td> <td>Chartered Accountant</td> </tr> <tr> <td>Secretary to Govt of KP- Transport & Mass Transit Department</td> <td>Member</td> <td>Civil Servant</td> </tr> <tr> <td>Mr. Isaac Ali Qazi</td> <td>Member</td> <td>Practicing Lawyer</td> </tr> <tr> <td>Additional Secretary Finance</td> <td>Member</td> <td>Civil Servant</td> </tr> <tr> <td>Mr. Tauseef ur Rehman</td> <td>Secretary</td> <td>Chartered Accountant</td> </tr> </tbody> </table> <p>The Chief Executive and Chairman of the Board are not members of the audit committee.</p> | Name of the member | Category | Professional Background | Mr. Dilroze Khan | Chairman | Chartered Accountant | Secretary to Govt of KP- Transport & Mass Transit Department | Member | Civil Servant | Mr. Isaac Ali Qazi | Member | Practicing Lawyer | Additional Secretary Finance | Member | Civil Servant | Mr. Tauseef ur Rehman | Secretary | Chartered Accountant | 21 (1) and 21(2) | ✓ | |
| Name of the member | Category | Professional Background | | | | | | | | | | | | | | | | | | | | |
| Mr. Dilroze Khan | Chairman | Chartered Accountant | | | | | | | | | | | | | | | | | | | | |
| Secretary to Govt of KP- Transport & Mass Transit Department | Member | Civil Servant | | | | | | | | | | | | | | | | | | | | |
| Mr. Isaac Ali Qazi | Member | Practicing Lawyer | | | | | | | | | | | | | | | | | | | | |
| Additional Secretary Finance | Member | Civil Servant | | | | | | | | | | | | | | | | | | | | |
| Mr. Tauseef ur Rehman | Secretary | Chartered Accountant | | | | | | | | | | | | | | | | | | | | |
| 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. (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. | 21(3) | ✓ | | | | | | | | | | | | | | | | | | | |
| 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. | 22 | ✓ | | | | | | | | | | | | | | | | | | | |



TransPeshawar (The Urban Mobility Company)

Annual Report 2021-22

| | | | | |
|----|--|-------|---|--|
| | (c) The internal audit reports have been provided to the external auditors for their review. | | | |
| 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 31 st meeting held on 24 th March 2022 has made further changes to the Composition of The Board of Directors by removing 04 ex officio members and adding one Ex Officio member. A summary to this effect has been moved by the Transport and Mass transit Department to Chief Minister Secretariate for approval and notification. Compliance with regulation will be made after issuance of notification by Provincial Government. | The summary for this effect has been approved by the CM and will be presented in next Cabinet meeting for issuance of notification in official gazette. |
| 2 | 11 | The orientation course was planned in 2022. However, due to floods in Khyber-Pakhtunkhwa, Board members didn't undergo an orientation course due to involvement of Ex Officio members in relief operations. | The compliance will be ensured in future. |



TransPeshawar (The Urban Mobility Company)

Annual Report 2021-22

| | | | |
|---|-----|---|--|
| 3 | 23a | <p>Board of Directors in its 31st meeting held on 24th March 2022 has made further changes to the Composition of The Board of Directors by removing 04 ex officio members and adding one Ex Officio member. A summary to this effect has been moved by the Transport and Mass transit Department to Chief Minister Secretariate for approval and notification. Compliance with regulation in relation to the composition of the Board and as well as the Committees will be made after issuance of notification by Provincial Government.</p> | <p>The compliance will be ensured in future.</p> |
|---|-----|---|--|

CHIEF EXECUTIVE OFFICER

DIRECTOR

**TRANSPESHAWAR
(THE URBAN MOBILITY COMPANY)**

**AUDITOR'S REPORT &
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022**

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

A Member Firm of
PKF International

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, 2022 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, 2022 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 2022, 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.

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.

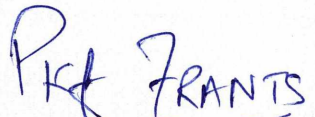
Report on Other Legal and Regulatory Requirements

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 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 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.

DATE: Aug 07, 2023
PESHAWAR

UDIN: AR202210256qbNads9c


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, 2022

| | Note | <u>JUNE 30, 2022</u> <u>RUPEES</u> | <u>JUNE 30, 2021</u> <u>RUPEES</u> Restated | <u>JUNE 30, 2020</u> <u>RUPEES</u> Restated |
|--|------|---------------------------------------|---|---|
| Assets | | | | |
| Non-current assets | | | | |
| Operating fixed assets | 6 | 7,006,960,783 | 7,822,787,651 | 2,264,246,517 |
| Intangible assets | 7 | 2,197,847 | 2,874,108 | - |
| Long term security deposits | 8 | 430,000 | 430,000 | 300,000 |
| | | 7,009,588,630 | 7,826,091,759 | 2,264,546,517 |
| Current assets | | | | |
| Zu cards stock | | 49,041,068 | 125,084,891 | - |
| Advance against BRT fleet & ITS system | 9 | 456,987,003 | 462,704,197 | 3,651,590,169 |
| Receivable from ADB | 10 | 2,760,689,281 | 2,286,708,057 | 655,117,759 |
| Other advances, deposits and receivables | 11 | 544,407,249 | 524,109,635 | 412,680,912 |
| Accrued interest income | | 45,892,046 | 40,482,988 | 84,025,145 |
| Cash and bank balances | 12 | 1,706,236,633 | 1,793,220,309 | 1,722,842,257 |
| | | 5,563,253,280 | 5,232,310,077 | 6,526,256,242 |
| Total Assets | | 12,572,841,910 | 13,058,401,836 | 8,790,802,759 |
| Funds and Liabilities | | | | |
| Funds | | | | |
| General/unrestricted fund | | 14,673,310 | 13,967,260 | 13,329,000 |
| Non-current Liabilities | | | | |
| Deferred capital grant | 13 | 7,009,158,630 | 7,825,661,759 | 2,264,246,517 |
| Restricted grant | 14 | 2,196,585,673 | 2,448,225,249 | 5,848,520,876 |
| Long term security deposits for shops | | - | 414,000 | - |
| | | 9,205,744,303 | 10,274,301,008 | 8,112,767,393 |
| Current Liabilities | | | | |
| Accrued and other liabilities | 15 | 3,228,096,557 | 2,687,281,632 | 664,706,366 |
| Unearned fare income | | 124,327,740 | 82,851,936 | - |
| | | 3,352,424,297 | 2,770,133,568 | 664,706,366 |
| Contingencies and commitments | 16 | - | - | - |
| Total fund and liabilities | | 12,572,841,910 | 13,058,401,836 | 8,790,802,759 |

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

CHIEF EXECUTIVE OFFICER

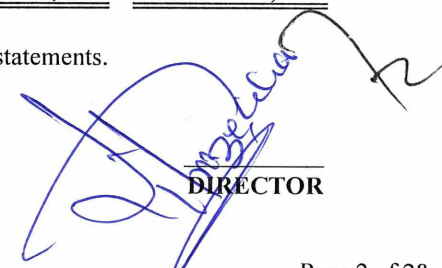
DIRECTOR

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

| | Note | <u>JUNE 30, 2022</u> | <u>JUNE 30, 2021</u> |
|---|------|-----------------------|-----------------------|
| | | <u>RUPEES</u> | <u>RUPEES</u> |
| | | | Restated |
| Funds and Income | | | |
| Restricted | | | |
| Deferred grant income recognized | 14.2 | 3,664,613,896 | 2,546,429,733 |
| Amortization of deferred capital grant | 13.1 | 860,312,377 | 654,790,409 |
| Income from BRT Operations | 17 | 1,321,781,187 | 738,643,425 |
| Unrestricted | | | |
| Other Income | 18 | 706,050 | 638,260 |
| | | 5,847,413,510 | 3,940,501,827 |
| Restricted Expenditure | | | |
| Project Operation Expenditure | | | |
| BRT Vehicles Operating Expenditure | 19 | 2,437,059,528 | 1,333,728,878 |
| BRT Intelligent Transport Services | 20 | 1,159,846,300 | 882,031,767 |
| Operation & Maintenance of BRT | 21 | 234,278,024 | 157,461,087 |
| Cost of Zu cards sold | | 76,043,823 | 144,272,859 |
| Bus Industry Restructuring Program (BIRP) Expenditure | 22 | 213,235,652 | 171,711,279 |
| Utilities | 23 | 192,125,863 | 113,641,476 |
| BRT stores, spares and tools consumed | | 322,071,164 | 208,325,021 |
| Depreciation | 6 | 798,588,579 | 646,626,286 |
| Amortization of intangible asset | 7 | 676,261 | 507,196 |
| Loss on surrender of pink buses | 6.3 | 54,342,996 | - |
| BRT Helpline - Operation | | 2,108,918 | 1,932,075 |
| Lease Rentals - Kohat Adda | | 9,009,000 | 8,960,000 |
| Consultancy services | 24 | 144,578,088 | 90,106,316 |
| Repair and maintenance | | 4,417,115 | 2,398,352 |
| | | 5,648,381,311 | 3,761,702,592 |
| Company Administrative Expenditure | | | |
| Salaries, allowances & other benefits | 25 | 140,763,062 | 127,419,594 |
| Advertisement | | 8,395,741 | 11,405,347 |
| Security services | | 5,065,012 | 4,775,042 |
| Repair and maintenance | | 4,543,606 | 2,460,068 |
| Office supplies | | 4,464,912 | 3,964,073 |
| Insurance | | 3,115,377 | 2,868,557 |
| Depreciation | 6 | 6,704,541 | 7,656,927 |
| Utilities | 23 | 2,883,646 | 2,995,559 |
| Other expenses | 26 | 5,859,162 | 3,526,582 |
| | | 181,795,059 | 167,071,749 |
| Total Expenditure | | <u>5,830,176,370</u> | <u>3,928,774,341</u> |
| Unrestricted surplus before tax | | <u>17,237,140</u> | <u>11,727,485</u> |
| Taxation | 27 | (16,531,090) | (11,089,225) |
| Unrestricted surplus after tax | 28 | <u>706,050</u> | <u>638,260</u> |
| Other comprehensive income | | - | - |
| Total comprehensive surplus | | <u><u>706,050</u></u> | <u><u>638,260</u></u> |

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


CHIEF EXECUTIVE OFFICER

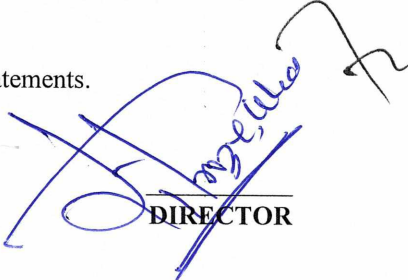

DIRECTOR

**TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

| | | <u>JUNE 30, 2022</u> | <u>JUNE 30, 2021</u> |
|--|------|----------------------|----------------------|
| | Note | RUPEES | RUPEES Restated |
| Cash Flows from Operating Activities | | | |
| Surplus for the year | | 706,050 | 638,260 |
| Adjustment for non cash items: | | | |
| Depreciation | 6 | 805,969,381 | 654,790,409 |
| Loss on surrender of pink buses | 6.2 | 54,342,996 | - |
| Cash flows from operating activities (Before working capital changes) | | 861,018,427 | 655,428,669 |
| Adjustments for working capital changes: | | | |
| (Increase)/decrease in current assets: | | | |
| Advance against BRT fleet & ITS | 9 | 5,717,194 | 3,188,885,972 |
| Receivable from ADB | 10 | (473,981,224) | (1,631,590,298) |
| Other advances, deposits and receivables | 11 | (20,297,614) | (111,428,723) |
| Accrued interest income | | (5,409,058) | 43,542,157 |
| Zu cards stock | | 76,043,823 | (125,084,891) |
| | | (417,926,879) | 1,364,324,217 |
| Increase/(decrease) in current liabilities: | | | |
| Accrued and other liabilities | 15 | 540,814,925 | 2,022,575,266 |
| Unearned fare income | | 41,475,804 | 82,851,936 |
| | | 582,290,729 | 2,105,427,202 |
| Cash generated from operations activities | | 1,025,382,277 | 4,125,180,088 |
| Cash Flows from Investing Activities | | | |
| Purchase of operating assets | 6 | (43,809,248) | (6,212,824,347) |
| Purchase of ERP | | - | (3,381,304) |
| Long term security deposits | | - | (130,000) |
| Net cash flows (used) in investing activities | | (43,809,248) | (6,216,335,651) |
| Cash Flows from Financing Activities | | | |
| Deferred capital grant | 13 | (816,503,129) | 5,561,415,242 |
| Restricted grant | 14 | (251,639,576) | (3,400,295,627) |
| Long term security deposits for shops | | (414,000) | 414,000 |
| Net cash (used in)/generated from financing activities | | (1,068,556,705) | 2,161,533,615 |
| Net (decrease)/increase in cash & cash equivalent | | (86,983,676) | 70,378,052 |
| Cash & cash equivalent at the beginning of the year | | 1,793,220,309 | 1,722,842,257 |
| Cash & cash equivalent at the end of the year | 12 | 1,706,236,633 | 1,793,220,309 |

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


CHIEF EXECUTIVE OFFICER

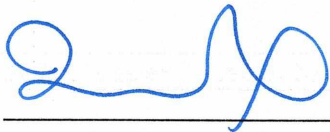

DIRECTOR

**TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
STATEMENT OF CHANGES IN GENERAL/UNRESTRICTED FUND
FOR THE YEAR ENDED JUNE 30, 2022**

**General /
Unrestricted Fund**

| | |
|------------------------------------|-------------------|
| Balance as at June 30, 2020 | 13,329,000 |
| Unrestricted income after tax | 638,260 |
| Balance as at June 30, 2021 | 13,967,260 |
| Unrestricted income after tax | 706,050 |
| Balance as at June 30, 2022 | 14,673,310 |

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

**TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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 without share capital 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 repealed Companies Ordinance, 1984 now 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 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:

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

**TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

2.3 Going Concern Basis

These financial statements have been prepared on going concern basis.

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, 2021:

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements.

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, 2021 and have not been early adopted by the company:

| <u>Amendment or Improvement</u> | <u>Effective dates</u> |
|--|------------------------|
| IFRS 3 Reference to the Conceptual | Jan 01, 2022 |
| IAS 16 Property, Plant and Equipment: | Jan 01, 2022 |
| IAS 37 Onerous Contracts – Costs of | Jan 01, 2022 |
| IAS 1 Classification of Liabilities as Current | Jan 01, 2023 |
| IAS 1 Disclosure of Accounting Policies | Jan 01, 2023 |
| IAS 8 Definition of Accounting Estimates | Jan 01, 2023 |
| IAS 12 Deferred tax assets and liabilities | Jan 01, 2023 |
| IAS 41 Agriculture – Taxation in fair value | Jan 01, 2022 |

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 16)
- (d) Estimation of deferred capital grant. (Note 4.10)

**TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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 operating 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, operating 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.

Depreciation

Depreciation on operating assets, except BRT buses, slow and fast chargers and ITS, is charged to income by applying reducing balance method, to write off the historical cost over its useful life. The BRT buses, slow and fast chargers and ITS 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 operating fixed assets. Rates of depreciation are stated in Note 06. 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 operating 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.

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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.

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.

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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.

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 statement of financial position 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.

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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 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.

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.

**TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
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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.

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. Accordingly, no provision for tax, has been recognized in the financial statement of the Company till June 30, 2020.

The Company intended to claim tax credit equal to one hundred per cent of the tax payable under section 100C of the Income Tax Ordinance, 2001, including minimum tax and final taxes payable. However, in exercise of the power conferred by section 2(36) of the Income Tax Ordinance, 2001, the Company has to obtain approval by Commissioner Inland Revenue(CIR) for the purpose of the Section. The Company has not obtain approval from CIR, therefore, provision for taxation has been made from June 30, 2020 onward.

4.13 Zu card stock

Zu card stock at the reporting date is stated at the lower of Cost or NRV. Weighted average method is used to calculate cost of ZU card stock.

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5. Rectification of prior years error

Previously withholding taxes deducted at import stage under section 148 of Income Tax Ordinance, 2001, were capitalized or expensed out as the case may be; as the withholding tax were treated as non refundable taxes. During the year under review, the management of the company has sought tax consultant's opinion regarding the withholding taxes deducted under the said section and in the light of tax consultant opinion it has been concluded that all the withholding taxes deducted should be treated as refundable tax on the basis of various judgements of Appellate Tribunals as well as of the Islamabad High Court (IHC)'s decision in ITR no 63 of 2015 dated October 13, 2022. Accordingly the minimum tax as applicable under section 113 of Income Tax Ordinance, 2001 is adjustable against the said taxes.

Total withholding taxes capitalized or expensed out during the year June 30, 2021 and up to June 30, 2020 are PKR 94,480,512/- and PKR 398,764,265/- respectively that have been adjusted and their effects are as follows:

| <u>Balance Sheet Items</u> | Note | <u>2021</u> <u>(RUPEES)</u> | <u>2020</u> <u>(RUPEES)</u> |
|--|------|--------------------------------|--------------------------------|
| Non-current assets | | | |
| a) Net operating assets at WDV | | | |
| Before restatement | | 8,239,847,088 | 2,383,467,669 |
| Depreciation charged reversed | 6.1 | 33,768,855 | 7,055,948 |
| Effect of opening balance restatement | | | |
| Withholding tax | 6.1 | (126,277,100) | - |
| Depreciation | 6.1 | 7,055,948 | - |
| | | (119,221,152) | - |
| Effect of withholding tax under section 148 | | | |
| BRT Fleet | | (192,299,281) | (126,277,100) |
| ITS | | (134,962,401) | - |
| Chargers | | (4,345,458) | - |
| | 6.1 | (331,607,140) | (126,277,100) |
| After restatement | | 7,822,787,651 | 2,264,246,517 |
| Withholding taxes under section 148 of ITO, 2001 previously capitalized; have been reversed. | | | |
| b) Advance against BRT fleet & ITS System | | | |
| Before restatement | | 464,103,291 | 3,916,046,820 |
| Effect of withholding tax under section 148 | | | |
| Effect of opening balance restatement | | (398,764,265) | - |
| Zu cards | | - | (14,521,629) |
| BRT Fleet | | (84,022,560) | (235,952,917) |
| Spare parts | | (10,221,923) | (9,217,889) |
| Chargers | | - | (4,345,458) |
| ITS | | (236,029) | (134,726,372) |
| | | (94,480,512) | (398,764,265) |

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Withholding taxes under section 148 of ITO, 2001, have now been treated as refundable/advance tax.

| Note | 2021 (RUPEES) | 2020 (RUPEES) |
|---|------------------|------------------|
| Reversal of vehicle and ITS advances capitalized/expense out | | |
| Effect of opening balance restatement | 134,307,614 | - |
| BRT fleet | 192,299,284 | 126,277,100 |
| Spare parts | 11,409,297 | 8,030,514 |
| Charges | 4,345,458 | - |
| ITS | 134,962,401 | - |
| Zu Cards | 14,521,629 | - |
| | 357,538,069 | 134,307,614 |
| After restatement | 462,704,197 | 3,651,590,169 |

Withholding taxes under section 148 of ITO, 2001 previously capitalized/expense out; have been reversed.

c) Other Advances, deposits and receivables

| | | |
|--|--------------|-------------|
| Before restatement | 41,954,083 | 13,916,647 |
| Effect of withholding tax under section 148 | | |
| Effect of opening balance restatement | 398,764,265 | - |
| Zu cards | - | 14,521,629 |
| BRT Fleet | 84,022,560 | 235,952,917 |
| Spare parts | 10,221,923 | 9,217,889 |
| Chargers | - | 4,345,458 |
| ITS | 236,029 | 134,726,372 |
| | 94,480,512 | 398,764,265 |
| Less: Adjustment of tax provision | (11,089,225) | - |
| After restatement | 524,109,635 | 412,680,912 |

Withholding taxes under section 148 of ITO, 2001, have now been treated as refundable/advance tax.

d) Zu cards stock

| | | |
|---------------------------------|--------------|---|
| Before restatement | 131,828,474 | - |
| WHT under section 148 | | |
| Reversal of closing stock value | (14,521,629) | - |
| Charge to cost of sale reversed | 7,778,046 | - |
| Effect of restatement | (6,743,583) | - |
| After restatement | 125,084,891 | - |

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Withholding tax under section 148 of ITO, 2001, charged to cost of closing stock and charged to cost of sale has been reversed.

| Note | 2021 (RUPEES) | 2020 (RUPEES) |
|---|------------------|------------------|
| Non-current Liabilities | | |
| e) Deferred capital grant | | |
| Before restatement | 8,242,721,196 | 2,383,467,669 |
| Effect of opening balance restatement | (119,221,152) | - |
| BRT buses capitalization - impact of WHT reversed | (192,299,282) | (126,277,100) |
| BRT buses chargers capitalization reversed | (4,345,457) | - |
| ITS System capitalization reversed | (134,962,401) | - |
| Depreciation reversed | 33,768,855 | 7,055,948 |
| | (417,059,437) | (119,221,152) |
| After restatement | 7,825,661,759 | 2,264,246,517 |

Withholding taxes under section 148 of ITO, 2001 previously capitalized; have been reversed, accordingly deferred capital grant has been reversed as per note 4.10 to these financial statements.

| | | |
|--|---------------|---------------|
| f) Deferred grant/restricted fund | | |
| Before restatement | 1,914,476,842 | 5,714,213,262 |
| Effect of opening balance restatement | 134,307,614 | - |
| Reversal of capitalization of BRT buses | 192,299,282 | 126,277,100 |
| BRT buses chargers capitalization reversed | 4,345,458 | - |
| ITS System capitalization reversed | 134,962,401 | - |
| BRT stores, spares and tools | 11,409,298 | 8,030,514 |
| Cost of Zu Card Cost of sale | 7,778,047 | - |
| | 485,102,100 | 134,307,614 |
| After restatement | 2,399,578,942 | 5,848,520,876 |

Withholding taxes under section 148 of ITO, 2001 previously capitalized/expense out; have been reversed, accordingly deferred grant has been reversed as per note 4.10 to these financial statements.

| | | |
|---|---------------|---|
| g) Accrued and other liabilities | | |
| Before restatement | 2,747,017,164 | - |
| Less: Adjustment of tax provision | (11,089,225) | - |
| After restatement | 2,735,927,939 | - |

| Income Statement Items | Note | For the year ended June 30, 2021 | | |
|--|------|----------------------------------|-----------------------|-------------------|
| | | Before restatement | Effect of restatement | After restatement |
| h) Income | | | | |
| Deferred grant income recognized | | 2,614,263,386 | (67,833,653) | 2,546,429,733 |
| Amortization of deferred capital grant | | 688,559,264 | 33,768,855 | 654,790,409 |
| | | 3,302,822,650 | (34,064,798) | 3,201,220,142 |

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FOR THE YEAR ENDED JUNE 30, 2022

| | | For the year ended June 30, 2021 | | |
|----------------------------------|-----|---|---------------------|----------------------|
| i) Expenditure | | | | |
| Total expenditure before tax | | 3,981,730,543 | 52,956,202 | 3,928,774,341 |
| Expenses line item restated are: | | | | |
| BRT stores, spares and tools | | 219,734,318 | (11,409,297) | 208,325,021 |
| ZU cards cost of sales | | 152,050,905 | (7,778,046) | 144,272,859 |
| Depreciation on operating assets | 6.1 | 688,559,264 | (33,768,855) | 654,790,409 |
| | | <u>1,060,344,487</u> | <u>(52,956,198)</u> | <u>1,007,388,289</u> |
| Taxation | 5.1 | 59,735,532 | (48,646,307) | 11,089,225 |

5.1 For the year ended June 30, 2021 total income of the company was considered as turnover and was taxed @ 1.5% under section 113 of Income Tax Ordinance, 2001. However, during the year ended June 30, 2022 the error was pointed out and as only income from BRT operation and other income fall under the definition of turnover of the said section therefore, provision for taxation has been adjusted.

| | | NOTE | <u>June 30, 2022</u> | <u>Jun 30, 2021</u> |
|----------|--|------|----------------------|----------------------|
| | | | RUPEES | RUPEES |
| | | | | Restated |
| 6 | Property, plant and equipment | | | |
| | Operating fixed assets at Written Down Value | | <u>7,006,960,783</u> | <u>7,822,787,651</u> |

(Detailed operating fixed assets schedule is annexed as per annexure - A).

6.1 Restatement details, allocation of depreciation and loss on non-current assets disposed off are as per annexure - A.

7 **Intangible assets**
Enterprise Resource Management Software

| <u>Cost</u> | | | |
|--------------------------------|--|------------------|------------------|
| Opening balance | | 3,381,304 | - |
| Addition | | - | 3,381,304 |
| As at June 30 | | <u>3,381,304</u> | <u>3,381,304</u> |
| <u>Amortization</u> | | | |
| Opening balance | | 507,196 | - |
| Add: For the year amortization | | 676,261 | 507,196 |
| As at June 30 | | <u>1,183,457</u> | <u>507,196</u> |
| <u>Written down value</u> | | | |
| | | <u>2,197,847</u> | <u>2,874,108</u> |

Amortization rate and method: 20% and straight line
Useful life: Five years

| | | | | |
|----------|------------------------------------|------------|----------------|----------------|
| 8 | Long Term Security Deposits | | | |
| | Security deposit | | 430,000 | 430,000 |
| | | 8.1 | <u>430,000</u> | <u>430,000</u> |

8.1 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.

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| | NOTE | June 30, 2022 RUPEES | Jun 30, 2021 RUPEES Restated |
|---|--|-------------------------|------------------------------------|
| 9 Advance against BRT Fleet and ITS System | | | |
| Advance against BRT Fleet | | | |
| Unsecured - considered good: | | | |
| Xiamen Golden Dragon Bus Co. | 9.1 | 388,283,290 | 405,545,932 |
| Import duties, taxes & other | 9.2 | 58,355,808 | 46,810,360 |
| | | 446,639,098 | 452,356,292 |
| Advance against Intelligence Transport System | | | |
| Unsecured - considered good: | | | |
| LMK Resources Pakistan (Private) Limited, Santel & E-Hualu | 9.3 | 10,347,905 | 10,347,905 |
| | | 456,987,003 | 462,704,197 |
| 9.1 | This represents advance payment made for 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". | | |
| 9.2 | 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. | | |
| 9.3 | 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 for the development of ITS. The balance advance is for the installation of VHF/UHF communication system and installation of ITS at Hayatabad depot. For VHF/UHF the company has not obtained NOC from Ministry of Defense and Hayatabad depot is under construction. | | |
| 10 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 15.1 & 15.2 to these financial statements. | | |
| 11 Other Advances, Deposits and Receivables | | | |
| Security deposits | 11.1 | 8,400,000 | 8,400,000 |
| Zu Cards sales receivable from LMKR | 11.2 | 6,067,950 | 7,877,400 |
| Earned fare receivable from LMKR | 11.2 | 28,401,063 | 19,675,412 |
| Advance income tax | 11.3 | 485,819,630 | 484,695,573 |
| Advance to employees | | 257,332 | 93,268 |
| Other advances | | 15,461,274 | 3,367,982 |
| | | 544,407,249 | 524,109,635 |
| 11.1 | This represents the adjustable / refundable security deposit paid to the City District Government against lease of land at Kohat Adda for BRT Bus Terminal. | | |

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
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11.2 Age analysis

| | Amount not past due | Amount past due | | | Total gross amount |
|------------------------|---------------------|-----------------------|------------------------|-------------------------|--------------------|
| | | Past due 0 to 30 days | Past due 31 to 60 days | Past due 91 to 365 days | |
| Zu cards receivable | - | 6,067,950 | - | - | 6,067,950 |
| Earned fare receivable | - | 29,365,653 | - | - | 29,365,653 |

| | NOTE | June 30, 2022 RUPEES | Jun 30, 2021 RUPEES Restated |
|--|------|-------------------------|------------------------------------|
| 11.3 Advance income tax under section 148 | | | |
| Opening balance | | 484,695,573 | 398,764,265 |
| Add: Withholding tax deducted | | 17,655,147 | 97,020,533 |
| Less: Adjusted against tax provision | 27 | (16,531,090) | (11,089,225) |
| Closing balance | | <u>485,819,630</u> | <u>484,695,573</u> |

12 Cash and bank balances

| | | | |
|-----------------|------|----------------------|----------------------|
| Local currency: | | | |
| Current account | | 264,673,542 | 221,022,557 |
| Saving accounts | 12.1 | <u>1,441,563,091</u> | <u>1,572,197,752</u> |
| | | <u>1,706,236,633</u> | <u>1,793,220,309</u> |

12.1 Saving accounts carry mark up at the rate 5.5% to 12.25% (2021: 5.5% to 7.5%) per annum.

13 Deferred capital grant

| | | | |
|--|-----------|----------------------|----------------------|
| Opening balance | | 7,825,661,759 | 2,264,246,517 |
| Transferred from restricted grant | 14 & 14.3 | <u>43,809,248</u> | <u>6,216,205,651</u> |
| | | 7,869,471,007 | 8,480,452,168 |
| Less amortization against: | | | |
| Depreciation on fixed operating assets | 6 | (805,293,120) | (654,283,213) |
| Amortization of intangible asset | 7 | (676,261) | (507,196) |
| Loss on surrender of pink buses | 6.2 | (54,342,996) | - |
| | 13.1 | (860,312,377) | (654,790,409) |
| | 13.2 | <u>7,009,158,630</u> | <u>7,825,661,759</u> |

13.1 The depreciation of BRT buses along with the depreciation of other operating assets, loss on disposal and amortization have been recognized as income against deferred capital grant as per policy note 4.11 to these financial statements.

13.2 Reconciliation

Reconciliation of closing balance of deferred capital grant with the WDV of operating fixed assets and intangible asset.

| | | |
|--|----------------------|----------------------|
| Written down value of operating fixed assets | 7,006,960,783 | 7,822,787,651 |
| Written down value of intangible asset | <u>2,197,847</u> | <u>2,874,108</u> |
| | <u>7,009,158,630</u> | <u>7,825,661,759</u> |

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
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| | NOTE | June 30, 2022 RUPEES | Jun 30, 2021 RUPEES Restated |
|--|--|-------------------------|------------------------------------|
| 14 Restricted grant | | | |
| Opening balance | | 2,448,225,249 | 5,848,520,876 |
| Grant recognized as restricted grant | 14.1 | 3,383,635,591 | 5,270,774,870 |
| Interest income | | 73,147,977 | 91,564,887 |
| Funds utilized and recognized as income | 14.2 | (3,664,613,896) | (2,546,429,733) |
| Transferred to deferred capital grant | 14.3 | (43,809,248) | (6,216,205,651) |
| | | <u>2,196,585,673</u> | <u>2,448,225,249</u> |
| 14.1 Grant recognized during the period | | | |
| Government of Khyber Pakhtunkhwa | | 2,747,843,000 | 1,650,000,000 |
| Other donors | | 635,792,591 | 3,620,774,870 |
| | | <u>3,383,635,591</u> | <u>5,270,774,870</u> |
| 14.2 Funds utilized and recognized as income | | | |
| Funds utilized for: | | | |
| Project operation expenditure | | 5,648,381,311 | 3,761,702,592 |
| Company administration expenditure | | 181,795,059 | 167,071,749 |
| Provision for income tax | | 16,531,090 | 11,089,225 |
| Total expenses - as per statement of income and expenditure | | 5,846,707,460 | 3,939,863,566 |
| Less: | | | |
| Loss on surrender of pink buses | 6.3 | (54,342,996) | - |
| Amortization | 7 | (676,261) | (507,196) |
| Depreciation | 6 | (805,293,120) | (654,283,213) |
| Funded from company's own revenue generation | | (1,321,781,187) | (738,643,425) |
| | | <u>(2,182,093,564)</u> | <u>(1,393,433,833)</u> |
| Funds utilized and recognized as income | 14.2.1 | <u>3,664,613,896</u> | <u>2,546,429,733</u> |
| 14.2.1 | 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. The amortization, depreciation and loss on disposal of buses have been recognized as income under head "amortization of deferred capital grant" is detailed in note 13.1 to the financial statements. | | |
| 14.3 Transferred to deferred capital grant | | | |
| An amount equal to assets capitalized (Note. 6) 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. | | | |
| 15 Accrued and other liabilities | | | |
| Payable to M/S Xiamen Golden Dragon | 15.1 | 1,326,576,428 | 1,090,222,490 |
| Payable to LMKR sental and E-Haulu | 15.2 | 1,434,849,793 | 1,111,042,789 |
| Payable to Logit Inc & Exponent engineers | | - | 85,442,778 |
| Provision for income tax | 15.3 | - | - |
| Reserve fund payable | | 10,819,505 | 59,533,211 |
| Balance c/f | | <u>2,772,245,726</u> | <u>2,346,241,268</u> |

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
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FOR THE YEAR ENDED JUNE 30, 2022

| | NOTE | June 30, 2022 RUPEES | Jun 30, 2021 RUPEES Restated |
|------------------------|------|-------------------------|------------------------------------|
| Balance b/f | | 2,772,245,726 | 2,346,241,268 |
| Provident fund payable | | 1,623,744 | 43,009 |
| Accrued liabilities | 15.4 | 398,201,672 | 285,651,635 |
| Tax payable | | 24,933,384 | 41,386,006 |
| Performance security | | 23,021,993 | 10,640,244 |
| Other payables | | 8,070,038 | 3,319,470 |
| | | <u>3,228,096,557</u> | <u>2,687,281,632</u> |

15.1 This represents amount payable to M/S Xiamen Golden Dragon against BRT fleet, tool & spare parts.

15.2 This represents amount payable to LMKR rental and E-Haulu against ITS.

15.3 Provision for income tax

| | | | |
|------------------------------|----|---------------------|---------------------|
| Opening balance | | - | - |
| Provision for the year | 27 | 16,531,090 | 11,089,225 |
| Adjusted against advance tax | | <u>(16,531,090)</u> | <u>(11,089,225)</u> |
| Closing balance | | <u>-</u> | <u>-</u> |

15.4 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 2022.

16 Contingencies and Commitments

16.1 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, 2022 and previous year 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. No provision for taxation has been made in the prior years ended upto June 30, 2020 in these financial statements as the management is of the opinion that they have complied with the requirements of Section 100C of the Income Tax Ordinance, 2001 in respect of the prior years.

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
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FOR THE YEAR ENDED JUNE 30, 2022

d) Withholding tax

PKR 958,984,021/- has been paid to LMKR sental and E-Haulu on account of imports of ITS, however, withholding tax amounting to PKR 67,128,881 was not deducted as required under section 152 (1A) of the Income Tax Ordinance, 2001. The case of disputed amount of withholding tax is pending in High Court and till the finality of the case decision tax has not been deposited to Federal Board of Revenue. LMKR sental and E-Haulu agree to bear the withholding tax amount along with the tax penalty and currency risk and liquidity damages, in case the final decision is not in their favor.

16.2 Commitments

The details of the commitments as at June 30, 2022 are as follows:

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 9,918,481,588 (@ of 1 USD = 204.59 as at June 30, 2022).

As at June 30, 2022 the Company's capital expenditure commitment against the above agreement amounts to USD 17,434,378 equivalent to PKR 3,566,895,908/- (@ of 1 USD = 204.59 as at June 30, 2022).

b) On March 12, 2018, TransPeshawar entered in to an agreement with M/s Xiamen Golden Dragon Company Limited 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, 2022 the Company's capital expenditure commitment against the above agreement amounts to PKR 178,210,539/-.

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 the "Peshawar Sustainable Bus Rapid Transit Corridor Project" at price of USD 13,904,401/- (equivalent to PKR 2,457,331,741) and in PKR 126,346,331/- amounting to total contract price in PKR 2,583,678,072/-.

As at June 30, 2022, the Company's capital expenditure commitment against the above agreement amounts to USD 7,532,004 (equivalent PKR 1,540,971,192) and PKR 49,501,059/- amounting to total in PKR 1,590,472,251/-.

d) The exchange rate used in translating foreign currency commitments is the State Bank of Pakistan exchange rate of PKR 204.5898 / USD as on June 30, 2022.

| | NOTE | <u>June 30, 2022</u> | <u>Jun 30, 2021</u> |
|--------------------------------------|------|----------------------|---------------------|
| | | RUPEES | RUPEES |
| | | | Restated |
| 17 Income from BRT Operations | | | |
| BRT fare earned | | 1,246,724,620 | 677,043,625 |
| BRT Zu cards sales receipts | | 63,520,950 | 60,704,300 |
| Advertisement income | | 9,321,320 | - |
| Shops rental income | | 2,214,297 | 895,500 |
| | | <u>1,321,781,187</u> | <u>738,643,425</u> |

**TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
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FOR THE YEAR ENDED JUNE 30, 2022**

| | NOTE | June 30, 2022 RUPEES | Jun 30, 2021 RUPEES Restated |
|------------------------|------|-------------------------|------------------------------------|
| 18 Other Income | | | |
| Penalty income | | 669,050 | 479,260 |
| Tender fee income | | 37,000 | 150,000 |
| Women buses rentals | | - | 9,000 |
| | | 706,050 | 638,260 |

19 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.

20 BRT Intelligent Transport Services
TransPeshawar has entered into a contract with a joint venture of LMK Resource Pakistan, Beijang Santal Technology & Trading Corporation and Beijang 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.

21 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 a services.

22 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, 2022 RUPEES | Jun 30, 2021 RUPEES Restated |
|-------------------------------------|------|-------------------------|------------------------------------|
| 23 Utilities | | | |
| Project's utilities expenses | | | |
| Electricity | | 151,441,073 | 81,281,673 |
| Fuel for generators | | 40,031,930 | 28,692,503 |
| Water | | 652,860 | 3,667,300 |
| | | 192,125,863 | 113,641,476 |
| Company's utilities expenses | | | |
| Telephone and internet charges | | 2,384,693 | 2,591,026 |
| Water | | 498,953 | 404,533 |
| | | 2,883,646 | 2,995,559 |
| | | 195,009,509 | 116,637,035 |

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
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24 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.

25 Salaries, Allowances And Other Benefits

Salaries, allowances and other benefits includes an amount of PKR 8,630,699/- (2021: PKR 6,745,125/-) in respect of staff retirement benefits (Provident Fund).

| | NOTE | <u>June 30, 2022</u> | <u>Jun 30, 2021</u> |
|------------------------------------|------|----------------------|---------------------|
| | | RUPEES | RUPEES |
| | | | Restated |
| 26 Other expenses | | | |
| Petrol, oil and lubricants | | 910,225 | 765,608 |
| Travelling and conveyance | | 208,052 | 114,737 |
| Seminars and workshops | | 1,023,380 | 21,000 |
| Printing and stationery expenses | | 738,781 | 423,300 |
| Legal and professional fee | | 1,369,935 | 600,000 |
| Auditors' remuneration | 26.1 | 435,750 | 640,250 |
| Meeting expenses | | 951,159 | 469,038 |
| Bank charges | | 21,257 | 36,553 |
| Postage and courier | | 5,834 | 6,355 |
| Books and periodicals | | 63,866 | 107,500 |
| Miscellaneous | | 130,923 | 342,241 |
| | | <u>5,859,162</u> | <u>3,526,582</u> |
| 26.1 Auditors' Remuneration | | | |
| Annual audit fee | | 383,250 | 403,250 |
| Out of pocket expenses | | - | 143,500 |
| Compliance review report | | 52,500 | 93,500 |
| | | <u>435,750</u> | <u>640,250</u> |

27 Taxation

Provision for taxation is based on the Minimum tax @ of 1.25% (2021: 1.5%) of turnover which is higher of the following;

- Taxable income at the current rates of taxation after taking into account tax credit and tax rebates available, if any.
- Alternative Corporate Tax at the rate of 17% of accounting income.

28 Unrestricted surplus after tax

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:

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
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| | June 30, 2022 | | | |
|-------------------------|------------------------|------------------------|-------------------|--------------------|
| | Chief Executive | Other Directors | Executive | Total |
| Managerial remuneration | 16,634,460 | - | 86,263,432 | 102,897,892 |
| | <u>16,634,460</u> | <u>-</u> | <u>86,263,432</u> | <u>102,897,892</u> |
| Number of persons | 1 | 13 | 23 | 37 |
| | | | | |
| | 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 | 34 |

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.

c) Directors

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

30.2 Transactions with related parties

| | NOTE | June 30, 2022 | Jun 30, 2021 |
|---|-------------|----------------------|----------------------|
| | | RUPEES | RUPEES |
| Remuneration paid to Chief Executive Officer | | 16,634,460 | 14,973,709 |
| Grant received from Government of Khyber Pakhtunkhwa | | 2,747,843,000 | 1,650,000,000 |
| | | <u>2,764,477,460</u> | <u>1,664,973,709</u> |
| Outstanding balances | | | |
| Restricted grant balance of Government of KP and other donors | | 2,092,716,113 | 2,399,578,942 |

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
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FOR THE YEAR ENDED JUNE 30, 2022

31. Provident Fund

31.1 Disclosures with regard to provident fund:

| | | |
|-------------------------------|------------|------------|
| Size of the Fund | 40,166,167 | 29,311,029 |
| Cost of investment made | 29,971,043 | 26,355,884 |
| Fair value of investment | 29,971,043 | 26,355,884 |
| Percentage of investment made | 74.62% | 89.92% |

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 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:

Financial Assets

| | | |
|-----------------------------|----------------------|----------------------|
| Long term security deposits | 430,000 | 430,000 |
| Receivable from ADB | 2,760,689,281 | 2,286,708,057 |
| Accrued Interest Income | 45,892,046 | 40,482,988 |
| Security deposits | 8,400,000 | 8,400,000 |
| Zu Cards sales receivable | 6,067,950 | 7,877,400 |
| Fare receivable from LMKR | 28,401,063 | 19,675,412 |
| Advance to employees | 257,332 | 93,268 |
| Other advances | 15,461,274 | 3,367,982 |
| Cash and bank balances | 1,706,236,633 | 1,793,220,309 |
| | <u>4,571,835,579</u> | <u>4,160,255,416</u> |

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 |

**TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
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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.

| | NOTE | June 30, 2022 RUPEES | Jun 30, 2021 RUPEES |
|---|------|-------------------------|------------------------|
| Payable to M/S Xiamen Golden Dragon | 15 | 1,326,576,428 | 1,090,222,490 |
| Payable to LMKR sentel and E-Haulu | 15 | 1,434,849,793 | 1,111,042,789 |
| Payable to Logit Inc & Exponent engineers | | - | 85,442,778 |
| Provident fund payable | | 1,623,744 | 43,009 |
| Reserve fund payable | | 10,819,505 | 59,533,211 |
| Accrued Liabilities | 15 | 398,201,672 | 285,651,635 |
| Performance security | | 23,021,993 | 10,640,244 |
| Other payables | | 8,070,038 | 3,319,470 |
| | | <u>3,203,163,173</u> | <u>2,645,895,626</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.

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.

**TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
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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 recognized 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

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.

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

32.4 Financial instruments by categories

| | 2022 | | |
|-------------------------------------|--------------------------------|--------------------------------|----------------------|
| | Interest bearing | Non- Interest bearing | Total |
| | Maturity up to one year | Maturity up to one year | |
| Financial Assets | | | |
| Long Term Security Deposits | - | 430,000 | 430,000 |
| Receivable from ADB | - | 2,760,689,281 | 2,760,689,281 |
| Accrued Interest Income | - | 45,892,046 | 45,892,046 |
| Security Deposits - Short Term | - | 8,400,000 | 8,400,000 |
| Zu Cards sales receivable | - | 6,067,950 | 6,067,950 |
| Fare receivable from LMKR | - | 28,401,063 | 28,401,063 |
| Advance to employees | - | 257,332 | 257,332 |
| Other advances | - | 15,461,274 | 15,461,274 |
| Cash and bank balances | 1,706,236,633 | - | 1,706,236,633 |
| | <u>1,706,236,633</u> | <u>2,865,598,946</u> | <u>4,571,835,579</u> |
| Financial Liabilities | | | |
| Payable to M/S Xiamen Golden Dragon | - | 1,326,576,428 | 1,326,576,428 |
| Payable to LMKR sentel and E-Haulu | - | 1,434,849,793 | 1,434,849,793 |
| Provident fund payable | - | 1,623,744 | 1,623,744 |
| Reserve fund payable | - | 10,819,505 | 10,819,505 |
| Accrued Liabilities | - | 398,201,672 | 398,201,672 |
| Performance security | - | 23,021,993 | 23,021,993 |
| Other payables | - | 8,070,038 | 8,070,038 |
| | <u>-</u> | <u>3,203,163,173</u> | <u>3,203,163,173</u> |
| 2021 | | | |
| | Interest bearing | Non- Interest bearing | Total |
| | Maturity up to one year | Maturity up to one year | |
| | 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 |
| Advance to employees | - | 93,268 | 93,268 |
| Other advances | - | 3,367,982 | 3,367,982 |
| Cash and bank balances | 1,793,220,309 | - | 1,793,220,309 |
| | <u>1,793,220,309</u> | <u>2,339,482,295</u> | <u>4,132,702,604</u> |

**TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
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| | 2021 | | Total |
|---|-------------------------|-------------------------|---------------|
| | Interest bearing | Non- Interest bearing | |
| | Maturity up to one year | Maturity up to one year | |
| Financial Liabilities | | | |
| Payable to M/S Xiamen Golden Dragon | - | 1,090,222,490 | 1,090,222,490 |
| Payable to LMKR sentel and E-Haulu | - | 1,111,042,789 | 1,111,042,789 |
| Payable to Logit Inc & Exponent engineers | - | 85,442,778 | 85,442,778 |
| Provident fund payable | - | 43,009 | 43,009 |
| Reserve fund payable | - | 59,533,211 | 59,533,211 |
| Accrued Liabilities | - | 285,651,635 | 285,651,635 |
| Performance security | - | 10,640,244 | 10,640,244 |
| Other payables | - | 3,319,470 | 3,319,470 |
| | - | 2,645,895,626 | 2,645,895,626 |

| | 2022 Number | 2021 Number |
|--|----------------|----------------|
| 33. Number of employees | | |
| Total employees of the Company at the year end | 61 | 61 |
| Average employees of the Company during the year | 61 | 61 |

34. Date of Authorization
 These financial statements were authorized for issue on Aug 02, 2023 by the board of directors of the Company.

35. Figures

- of the previous year have been rearranged and regrouped wherever necessary for comparison purpose, the effect of which is not material.
- have been rounded off to the nearest rupee.


 CHIEF EXECUTIVE OFFICER


 DIRECTOR

6. Operating Fixed Assets Schedule

Annexure - A

| June 30, 2022 | | | | | | | | | | | |
|-----------------------------------|-------------------------------|-------------------|-----------------------|-----------------------------|--------------------------------|-----------|-------------------------------|---------------------|--------------------------|--------------------------------|--------------------------------|
| PARTICULARS | C O S T | | | | | RATE % | D E P R E C I A T I O N | | | W.D.V. | |
| | As at 7/1/2021 Restated | Re classification | Additions | Disposal / Derecognition | As at 3/31/2022 | | As at 7/1/2021 | Adjustment | For the Period | As at 3/31/2022 | As at 3/31/2022 |
| Electrical Equipment | 9,668,879 | (126,594) | 97,760 | - | 9,640,045 | 30% | 5,029,516 | (126,594) | 1,383,159 | 6,286,081 | 3,353,964 |
| Computer equipment | 12,937,151 | 1,002,956 | - | - | 13,940,107 | 30% | 5,466,068 | 1,002,956 | 2,542,212 | 9,011,236 | 4,928,871 |
| Office equipment | 2,209,650 | (836,728) | - | - | 1,372,922 | 30% | 1,195,065 | (836,728) | 53,357 | 411,694 | 961,228 |
| Furniture | 11,613,677 | (611,404) | 23,000 | - | 11,025,273 | 20% | 4,005,289 | (611,404) | 1,403,997 | 4,797,882 | 6,227,391 |
| Office renovation | 1,402,049 | - | - | - | 1,402,049 | 20% | 278,133 | - | 224,783 | 502,916 | 899,133 |
| BRT Civil Works | 2,418,302 | - | 8,727,837 | - | 11,146,139 | 20% | 423,033 | - | 906,833 | 1,329,866 | 9,816,273 |
| Pool Vehicles | 11,720,024 | - | - | - | 11,720,024 | 20% | 6,234,858 | - | 1,097,033 | 7,331,891 | 4,388,133 |
| BRT Fleet | 5,801,292,805 | - | 34,223,711 | - | 5,835,516,516 | 8.33% | 531,497,762 | - | 528,405,492 | 1,059,903,254 | 4,775,613,262 |
| Slow and Fast chargers | 78,175,455 | - | - | - | 78,175,455 | 9.09% | 7,106,860 | - | 7,106,860 | 14,213,720 | 63,961,735 |
| Women bus service fleet | 103,972,568 | - | - | (103,972,568) | - | 20% | 49,629,572 | (49,629,572) | - | - | - |
| ITS system | 2,620,956,993 | - | 736,940 | - | 2,621,693,933 | 10% | 222,713,746 | - | 262,169,394 | 484,883,140 | 2,136,810,793 |
| | 8,656,367,553 | (571,770) | 43,809,248 | (103,972,568) | 8,595,632,463 | | 833,579,902 | (50,201,342) | 805,293,120 | 1,588,671,680 | 7,006,960,783 |
| June 30, 2021 | | | | | | | | | | | |
| PARTICULARS | C O S T | | | | | RATE % | D E P R E C I A T I O N | | | W.D.V. | |
| | As at 7/1/2020 Restated | Re classification | Additions Restated | Disposal | As at 6/30/2021 Restated | | As at 7/1/2020 Restated | Adjustment | For the year Restated | As at 6/30/2021 Restated | As at 6/30/2021 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 (Note 5.1) | 2,307,108,054 | - | 3,494,184,751 | - | 5,801,292,805 | 8.33% | 128,662,624 | - | 402,835,138 | 531,497,762 | 5,269,795,043 |
| Slow and fast chargers (Note 5.1) | - | - | 78,175,455 | - | 78,175,455 | 9.09% | - | - | 7,106,860 | 7,106,860 | 71,068,595 |
| 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 (Note 5.1) | - | - | 2,620,956,993 | - | 2,620,956,993 | 10% | - | - | 222,713,746 | 222,713,746 | 2,398,243,247 |
| Rupees 2021 | 2,443,543,206 | - | 6,212,824,347 | - | 8,656,367,553 | | 179,296,689 | - | 654,283,213 | 833,579,902 | 7,822,787,651 |

6.1. Restatement of balances

Ref to note 5 to these financial statements which describe in details the prior years error of capatilizing withholding tax deducted at import stage. The error has been pointed out during the year and consequently the opening balances as at July 01, 2020 and addition made during the year ended June 30, 2021 have been adjsuted. The effects of adjustments are as follows:

6. Operating Fixed Assets Schedule

| Description | Cost and accumulated depreciation as at June 30, 2020 | | |
|------------------------------------|---|-----------------------|-------------------|
| | Before restatement | Effect of restatement | After restatement |
| BRT fleet at cost | 2,433,385,154 | (126,277,100) | 2,307,108,054 |
| BRT fleet accumulated depreciation | 135,718,572 | (7,055,948) | 128,662,624 |

| Description | Addition during the year ended June 30, 2021 | | |
|------------------------|--|-----------------------|-------------------|
| | Before restatement | Effect of restatement | After restatement |
| BRT Fleet | 3,686,484,033 | (192,299,282) | 3,494,184,751 |
| Slow and Fast chargers | 82,520,912 | (4,345,457) | 78,175,455 |
| ITS system | 2,755,919,394 | (134,962,401) | 2,620,956,993 |
| | | <u>(331,607,140)</u> | |

| Description | Depreciation for the year ended June 30, 2021 | | |
|------------------------|---|-----------------------|-------------------|
| | Before restatement | Effect of restatement | After restatement |
| BRT Fleet | 424,789,833 | (21,954,695) | 402,835,138 |
| Slow and Fast chargers | 7,501,901 | (395,041) | 7,106,860 |
| ITS system | 234,132,865 | (11,419,119) | 222,713,746 |
| | | <u>(33,768,855)</u> | |

| 6.2. Allocation of depreciation | June 30, 2022 | June 30, 2021 |
|------------------------------------|--------------------|--------------------|
| Project Operation Expenditure | 798,588,579 | 646,626,286 |
| Company Administrative Expenditure | 6,704,541 | 7,656,927 |
| | <u>805,293,120</u> | <u>654,283,213</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"

6.3. Detail of non-current assets' surrendered during the year

| Description | Cost | Acc Dep | Net Book value | Sale Proceeds | Gain/(loss) | Mode of disposal | Particulars of beneficiary |
|--|-------------|------------|----------------|---------------|--------------|---|---|
| Surrender women bus fleet (total 14 buses) | 103,972,568 | 49,629,572 | 54,342,996 | - | (54,342,996) | Handed over free of cost to HED KP, approved by KP Government and Company Board of Directors. | Higher Education Department (HED) of KP |

6.4. Depreciation Method:

- BRT Buses and ITS: Straight Line Method
- Slow and Fast chargers: Straight Line Method
- Other Assets: Reducing Balance Method

6.5. Useful life:

- BRT Buses and Slow and Fast Chargers: 10 to 12 years
- ITS: 10 years
- Other Assets: Ranging from 6 to 10 years