Fazal Mahmood & Company
Chartered Accountants

PAKISTAN RAILWAY ADVISORY AND CONSULTANCY SERVICES LIMITED
FINANCIAL STATEMENT
JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Railway Advisory and Consultancy Services Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Pakistan Railway Advisory and Consultancy Services Limited**, which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss & the statement of comprehensive income, the statement of changes in equity, 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, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the profit, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *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 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.

Other Matters

The financial statements of the Company for the year ended June 30, 2019 were audited by another firm of auditors whose report dated October 7, 2019 expressed a qualified opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Imran Akhtar.

Fazal Mahmood & Company CA Lahore.

Chartered Accountants
Lahore
Date: November 3, 2020

PAKISTAN RAILWAY ADVISORY AND CONSULTANCY SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020	2019
		----------Rupees----------	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
AUTHORISED SHARE CAPITAL			
100,000,000 (2019: 100,000,000) Ordinary shares of Rs.1/- each		**100,000,000**	100,000,000
Issued, subscribed and paid up capital			
72,000,000 (2019: 72,000,000) Ordinary shares of Rs.1/- each fully paid	5.	72,000,000	72,000,000
Unappropriated profit		644,458,834	659,138,930
		716,458,834	731,138,930
NON CURRENT LIABILITIES			
Deferred liabilities	6.	145,569,517	79,004,725
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	7.	58,903,699	73,516,163
Provision for taxation		18,945,020	14,060,709
		77,848,719	87,576,873
CONTINGENCIES AND COMMITMENTS	8.	-	-
		939,877,070	897,720,528
ASSETS			
NON CURRENT ASSETS			
Property and Equipment	9.	21,371,636	23,074,811
		21,371,636	23,074,811
CURRENT ASSETS			
Trade debtors	10.	194,512,837	118,652,767
Advances, deposits, prepayments and other receivables	11.	428,248,683	453,466,877
Short term investments	12.	200,000,000	200,000,000
Cash and bank balances	13.	95,743,914	102,526,073
		918,505,434	874,645,717
		939,877,070	897,720,528

The annexed notes from 1 to 26 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTORS

PAKISTAN RAILWAY ADVISORY AND CONSULTANCY SERVICES LIMITED
STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020	2019
		----------Rupees----------	
Revenue	14.	218,686,159	749,810,150
Cost of sales	15.	(135,281,180)	(682,243,581)
GROSS PROFIT		83,404,979	67,566,569
Administrative and general expenses	16	(48,241,560)	(50,956,825)
Other income	17	25,579,013	32,060,029
		(22,662,547)	(18,896,796)
PROFIT BEFORE TAXATION		60,742,432	48,669,774
Taxation	18.	(52,892,635)	(14,060,708)
PROFIT AFTER TAXATION		7,849,797	34,609,066
OTHER COMPREHENSIVE INCOME			
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement of defined benefit obligation		(31,732,244)	-
Related income tax		9,202,351	-
Other comprehensive loss - net of tax		(22,529,893)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(14,680,096)	34,609,066
EARNINGS PER SHARE- BASIC AND DILUTED	19.	0.11	0.48

The annexed notes from 1 to 26 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTORS

PAKISTAN RAILWAY ADVISORY AND CONSULTANCY SERVICES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		----------Rupees----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**60,742,432**	48,669,774
Adjustment for:			
Depreciation		**2,136,851**	2,362,281
Provision for Provident fund		**6,899,806**	5,471,662
Provision for retirment benefit obligation		**8,246,028**	4,928,085
Gain on sale of operating fixed assets		-	1,500
		17,282,685	12,763,528
Profit before working capital changes		**78,025,117**	61,433,302
(Increase)/decrease in current assets:			
Trade debtors		**(75,860,070)**	(79,158,493)
Advances, deposits, prepayments and other receivables		**25,225,273**	(117,546,971)
Short Term investment		-	150,000,000
		(50,634,797)	(46,705,464)
Increase/(decrease) in current liabilities:			
Creditors, accrued and other liabilities		**(14,612,464)**	29,557,144
		(65,247,261)	(17,148,320)
Cash generated from operations		**12,777,856**	44,284,982
Income tax paid		(14,067,788)	(14,545,533)
Provident fund		**(1,281,000)**	(861,314)
Retirement benefit obligation		(3,777,550)	(2,974,919)
		(19,126,337)	(18,381,766)
Net cash (used in) / generated from operating activities		**(6,348,481)**	25,903,216
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets		(433,678)	(873,692)
Net cash (used in) investing activities		(433,678)	(873,692)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash generated from financing activities			-
Net (decrease) / increase in cash and cash equivalents		**(6,782,159)**	25,030,412
Cash and cash equivalents at the beginning of the year		**102,526,073**	77,495,660
Cash and cash equivalents at the end of the year	20.	**95,743,914**	102,526,073

The annexed notes from 1 to 26 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTORS**

PAKISTAN RAILWAY ADVISORY AND CONSULTANCY SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Share Capital	Bonus Shares	Revenue reserve-Unappropriated Profit	Total
	---------------------Rupees-------------------			
Balance as at June 30, 2018	1,300,000	70,700,000	624,529,864	696,529,864
Profit for the year	-	-	34,609,066	34,609,066
Other comprehensive income - net of tax	-	-	-	-
Total comprehensive income for the year	-	-	34,609,066	34,609,066
Balance as at June 30, 2019	1,300,000	70,700,000	659,138,930	731,138,930
Profit for the year	-	-	7,849,797	7,849,797
Other comprehensive loss - net of tax	-	-	(22,529,893)	(22,529,893)
Total comprehensive income for the year	-	-	(14,680,096)	(14,680,096)
Balance as at June 30, 2020	1,300,000	70,700,000	644,458,834	716,458,834

The annexed notes from 1 to 26 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

1. STATUS AND NATURE OF BUSINESS

Pakistan Railway Advisory and Consultancy Services Limited ("the Company") was incorporated on July 20, 1976 as a (private) limited company under the Companies Act, 1913 (now repealed and replaced by Companies Act, 2017). The company was converted as a Public Limited Company w.e.f. December 23, 2002.

The Company render consultancy services in the field of railway and runs railway reservation offices. All the shares of the Company are held by Ministry of Railway, Government of Pakistan.

Company's registered office situates at PRACS House, Railway Station Road, Rawalpindi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2. Basis of Preparation

These financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value.

2.3. Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

2.4. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards, requires management to use certain accounting estimates and exercise judgements in the process of applying the Company's accounting policies. Estimates and judgements are regularly evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods. The areas involving significant estimates or judgements are:

i) Property, plant and equipment (note. 3.1)
ii) Impairment (note. 3.1, 3.2 and 3.17)
iii) Defined benefit plan obligation (note. 3.6)
iv) Taxes and estimation of future deferred tax calculation (note. 3.8)
vi) Provisions (note. 3.10)
vii) Related party (note. 3.19)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1. Property and equipment

Owned Assets

Property and equipment are stated at cost less accumulated depreciation. Cost comprises acquisition and other directly attributable costs.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs, if any.

Depreciation on addition and deletion is charged on yearly basis full in the year of addition and no depreciation in the month of sale. Assets residual values, useful life and depreciation rates are reviewed and adjusted, if appropriate at each balance sheet date. An asset carrying amount is written down immediately to its recoverable amount. Normal repair and maintenance is charged to income as and when incurred. Major renewals and improvements are capitalized.

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be measured reliably. The carrying amount of the part so replaced is derecognized. The costs relating to day-to-day servicing of property and equipment are recognized in profit and loss account as incurred.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in the profit and loss account.

The Company reviews the useful life and residual value of property and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on depreciation charge.

3.2. Intangible Assets

Intangible assets (including computer software) having finite useful lives acquired by the company are stated at cost less accumulated amortization and impairment losses, if any.

Amortization is charged to profit and loss account on straight line basis over a period of five years. Amortization on addition is charged from the date the asset is put to use while no amortization is charged from the date the asset is disposed off.

3.3. Trade and Other Receivables

Trade debts and other receivables are recognised and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

3.4. Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand, balances with banks and investments with maturities of less than three months or less from acquisition date that are subject to insignificant risk of changes in fair value.

3.5. Share Capital

Ordinary shares are classified as equity and recognized at their fair value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

3.6. Employee Benefits

Post-employment benefit:
The Company's post employment benefit comprises of a defined benefit plan. The defined benefit plan represents an unfunded gratuity scheme for all its permanent employees subject to a minimum qualifying period of service according to the terms of employment. The plan defines the amount which an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service, and compensation. Provision is made annually to cover obligation under the scheme.

The liability recognized in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of any plan assets, (if any). The defined benefit obligation is calculated periodicaly by an independent actuary using Projected unit credit (PUC) actuarial cost method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using discount rate as determined by reference to market yields on Government bonds. Latest valuation was conducted on June 30, 2020. All actuarial gains and losses are recognized in other comprehensive income as they occur.

Following risks are associated with the scheme:

Final salary risk:
The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risk:
a) Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

b) Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Short-term employee benefits:

A liability is recognized for benefits accruing to employees in respect of wages and salaries and other short-term employee benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

3.7. Trade and Other Payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.8. Taxation

The taxation expense for the year comprises current, prior and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case, it is recognised in other comprehensive income or directly in equity, as the case may be.

Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, (if any). Income tax expense is recognized in statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Prior:

This includes adjustments, where considered necessary, to existing provision for tax made in previous years arising from assessments framed during the period for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3.9. Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which they are approved by the shareholders and therefore, they are accounted for as non-adjusting event.

3.10. Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.11. Contingent liabilities

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

3.12. Short term investments

These represent investments in local currency TDRs. Face value of these investments were Rs 200 million (2019-20) with interest rate of 9.25 %, agregate.

3.13 Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue and the associated cost incurred or to be incurred can be measured reliably.

Consultancy jobs:	When invoice is raised to the customers.
Service charges on sale of tickets of Pakistan Railways :	On sale of tickets.
Dividend:	When the Company's right to receive the payment is established
Contract Income :	Revenue from fixed price construction contracts is recognized on the percentage of completion method, except for those contracts which are labor oriented and are measured by reference to the percentage of labor hours incurred to date to estimated total labor hours for each contract.
Interest Income :	Accrued on time basis, by reference to the principal outstanding and the interest rate applicable

The Company's policy relating to interest income from financial assets is mentioned in note. 4.20.

3.14. Finance income and finance costs

Finance income comprises interest income on funds invested in term deposit receipts and saving accounts. Interest income is recognized as it accrues in statement of profit or loss, using effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets.

3.15. Borrowings and borrowing costs

Borrowings:

All borrowings are initially recognized at fair value less directly attributable transaction costs. Difference between the fair value and the proceeds of borrowings is recognized as income or expense in the statement of profit or loss. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowing costs:

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which case such costs are capitalised as part of the cost of that asset.

3.16. Foreign currency translation

Transactions in foreign currencies are translated to Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into Pakistani Rupees at the foreign exchange rates approximating those prevailing at the statement of financial position date. Exchange differences, (if any) are charged to the statement of profit or loss.

3.17. Financial liabilities

Recognition and initial measurement:

Trade debts and debt securities issued (if any) are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade debt without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade debt without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement:

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) – debt investment; fair value through other comprehensive income – equity investment or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company classifies all its financial assets as measured at amortised cost. The classification is made in accordance with the Company's business model for managing the financial assets and contractual cash flow characteristics of the financial assets. This classification is only made when the Company's financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and when the contractual cash flows 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. The Company does not hold any debt investments or equity investments.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL, if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss. The Company classifies all of its financial liabilities as 'Other financial liabilities'.

Derecognition:

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when it's terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of profit or loss.

Offsetting of financial assets and financial liabilities:

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

Effective interest method:

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Impairment Policy:

The Company recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI (if any); and
- contract assets (if any).

However, the Company does not have any debt investments or contract assets. Loss allowance for trade debts that do not constitute a financing transaction is always measured at an amount equal to lifetime ECLs. For financial assets (apart from trade debts that do not constitute a financing transaction) whose credit risk has not significantly increased since initial recognition. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on these financial asset has significantly increased since initial recognition. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities (if any) at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower / customer;
- a breach of contract such as a default ; or
- the restructuring of a loan or advance by the Company on terms that the Company would not consider - otherwise;
- it is probable that the borrower / customer will enter bankruptcy.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written-off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

3.18 Earning per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.19 Related party transactions

All transactions with related parties are carried out by the Company at arms' length price using the method prescribed under the Companies Act, Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

4. ADOPTION OF NEW AND AMENDED STANDARDS

4.1. New and amended IFRS Standards that are effective for the current year

During the year, a new standard and certain amendments to existing standards as detailed below, became effective and were adopted by the Company. Management has assessed the changes laid down by the new standard / amendments that became effective during the year and determined that they do not have any significant impact on these financial statements, apart from increased disclosures, if any.

New standard - IFRS 16 Leases

IFRS 16 affects primarily the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes the distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The Company has elected not to recognize lease liabilities for short-term leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term.

Amendments to IFRS 9 - Financial Instruments - Prepayment Features with Negative Compensation

Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favour of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of a early repayment gain.

Amendments to IAS 28 -Investments in Associates - Long-term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

IFRS 3 Business Combinations - the amendments clarify that when a company obtains control of a business that is a joint operation, the company applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements - the amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 Income Taxes - the amendments clarify that the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed

IAS 23 Borrowing Costs - the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

Amendments to IAS 19 - Employee Benefits - Plan Amendment, Curtailment or Settlement

The amendment clarifies that if a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

Amendments to Companies Act, 2017

During the year significant amendments were made to Companies Act, 2017 vide the Companies (Amendment) Ordinance, 2020 dated April 30, 2020. However, the applicability of these amendments has not resulted in any change in accounting treatments for the Company or any change in disclosures.

4.2. New and revised IFRS Standards in issue but not yet effective

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

New standards:		**Effective date (annual periods beginning on or after)**
IFRS - 17	Insurance Contracts	1 January 2023
Amendments to existing Standards:		
IFRS - 1	First-time Adoption of International Financial Reporting Standards Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter).	1 January 2022
IFRS - 3	Business Combinations To clarify the definition of a business. Updating a reference to the Conceptual Framework.	1 January 2020 1 January 2022
IFRS - 7	Financial Instruments: Disclosures Pre-replacement issues in the context of the IBOR reform.	1 January 2020
IFRS - 9	Financial Instruments Pre-replacement issues in the context of the IBOR reform. Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities).	1 January 2020 1 January 2022
IFRS - 16	Leases To provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.	1 January 2020
IAS - 1	Presentation of Financial Statements Definition of material. Classification of liabilities.	1 January 2020 1 January 2023
IAS - 8	Accounting Policies, Changes in Accounting Estimates and Errors Definition of material.	1 January 2020
IAS - 16	Property, Plant and Equipment Prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	1 January 2022

IAS - 37	Provisions, Contingent Liabilities and Contingent Assets Costs to include when assessing whether a contract is onerous.	1 January 2022
IAS - 39	Financial Instruments: Recognition and Measurement Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2022
IAS - 41	Agriculture Amendments, resulting from Annual improvements to IFRS Standards 2018-2020 (taxation in fair value measurements)	1 January 2020

		2020	2019
		----------Rupees----------	
5. SHARE CAPITAL			
Authorized			
100,000,000 (2019: 100,000,000) Ordinary shares of Rs.1/- each		**100,000,000**	100,000,000
Issued, subscribed and paid up			
1,300,000 (2019: 1,300,000) Ordinary shares of Rs. 1/- each fully paid in cash		**1,300,000**	1,300,000
70,700,000 (2019: 70,700,000) ordinary shares of Rs. 1/- each fully paid bonus shares		**70,700,000**	70,700,000
		72,000,000	72,000,000
6. Deferred liabilities			
Provident fund	6.1	**36,417,258**	30,798,452
Retirement benefit obligation	6.2	**82,594,276**	46,393,554
Deferred Taxation	6.3	**26,557,983**	1,812,719
		145,569,517	79,004,725

6.1 Provident Fund

The Company operates Staff Provident Fund for its all permanent employees having two years of service. Equal contributions are made by the Company and employees at the rate of 5 percent of basic salary per month. Avaialable fund is deposited in a saving account but profit on it is not distributed among employees by the Company. The details are as follows:

	2020	2019
Opening Balance	**30,798,452**	26,188,104
Contribution during the year	**6,899,806**	5,471,662
	37,698,258	31,659,766
Payments made during the year	**(1,281,000)**	(861,314)
	36,417,258	30,798,452

		2020	2019
		----------Rupees----------	
6.2 Retirement benefit obligation			
Defined benefit obligation	**6.2.1.**	**82,594,276**	46,393,554

6.2.1. This represents the present value of the defined benefit obligation recognized in the statement of financial position (note 3.6). The latest actuarial valuation was carried out on June 30, 2020 using Projected unit credit (PUC) actuarial cost method by an approved actuary. The Company does not have any plan assets covering its defined benefit obligation.

		2020	2019
Liability at the beginning of the		46,393,554	44,440,389
Charge for the year	6.2.2	8,246,028	4,928,085
		54,639,582	49,368,474
Payments made		(3,777,550)	(2,974,920)
Actuarial loss		31,732,244	-
Closing Balance		82,594,276	46,393,554

6.2.2 The charge for the year has been

	2020	2019
Cot of sales	**3,545,793**	2,782,608
Administrative expenses	**4,700,235**	2,145,477
	8,246,028	4,928,085

6.2.3. Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principle assumptions is:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+- by 100 bps	74,129,061	92,429,846
Salary increase	+- by 100 bps	92,444,846	73,958,092

There is no significant change in the obligation if the life expectancy increases by 1 year.

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Based on actuary's advice, the amount of expected liability in respect of the defined benefit plan in 2020-21 will be Rs. 2.951 million.

The average duration of the defined benefit obligation is 11 years.

6.3. DEFERRED TAX LIABILITY

The liability for deferred taxation comprises of timing differences related to:

Accelerated tax depreciation	**2,605,643**	1,812,719
Defined benefit obligation	**23,952,340**	-
	26,557,983	1,812,719

6.3.1 Movement in the net deferred tax liability is as follows:

	Accelerated tax depreciation	**Defined benefit obligation**	**Total**
Balance as at June 30, 2019	1,812,719	-	1,812,719
Recognized during the year in:			
- Statement of profit or loss	792,924	33,154,691	33,947,615
- Other comprehensive income	-	(9,202,351)	(9,202,351)
	792,924	23,952,340	24,745,264
Balance as at June 30, 2020	**2,605,643**	**23,952,340**	**26,557,983**

		2020	2019
		----------**Rupees**----------	
7. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade Creditors	7.1.	**2,920,000**	5,009,774
Advances from Customers		**14,269,843**	14,269,843
Security payable		**15,567,545**	-
Tax payable		**1,553,097**	-
Other Payables		**24,593,214**	54,236,546
		58,903,699	73,516,163

7.1. Trade Creditors		
Mobile ramp	**1,000,000**	1,000,000
Station building at Khokaropar Zero Point	**1,820,000**	1,820,000
Vetting of Design 5 ROBs MZL-MZG & Hydrabad	**100,000**	100,000
Other payables	-	2,089,774
	2,920,000	5,009,774

8. CONTINGENCIES AND COMMITMENTS

There were no Contingencies and Commitments during the year.

	2020	2019
	----------**Rupees**----------	
10. TRADE DEBTORS - UNSECURED		
Receivable from (08 sets of Trains) Catering	**42,037,000**	-
Maintainance and overhauling of power vans	-	524,341
Service charges (sale of ticket)	**68,872,892**	40,869,782
Civil engineering works	**14,150,908**	7,876,507
Inaugration ceremony of Green Line	**1,000,000**	1,000,000
Pakistan Railways for Construction of Rail Market	**39,857,936**	39,787,936
Receivable from Pakistan Railway short composition	**27,567,236**	27,567,236
Receivable from Pakistan Railway PASS PTO	**933,970**	933,970
Other receivables	**92,895**	92,995
	194,512,837	118,652,767

10.1 AGING ANALYSIS

Ageing of trade debts and credit risk arising therefrom is as below:

	Credit impaired	Gross credit risk	Allowance for expected credit losses	Net credit risk
Amounts not yet due				
0-60	No	8,809,066	-	8,809,066
61-90	No	8,549,664	-	8,549,664
91-365	No	58,868,463	-	58,868,463
Greater than 365	No	118,285,644	-	118,285,644
June 30, 2020		**194,512,837**		**194,512,837**
June 30, 2019		118,652,757	-	118,652,757

All dues are related to Pakistan Railways.

	Note	2020	2019
		---------Rupees---------	
11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advance income tax		190,686,913	190,679,834
Advances to employees - considered good	11.1	963,172	1,639,888
Advances for expenses		268,835	222,391
Mobilization advance		30,323,942	55,524,942
Security deposits		89,447,889	45,917,889
Prepayments		1,667,937	1,694,216
Advance to PR for KKK Express		87,896,744	87,896,744
Other receivables		26,993,251	69,890,973
		428,248,683	453,466,877

11.1 Interest is charged as per existing rate of SBP per annum for personal advances against salaries. The maximum amount of advances to executives outstanding at the end of any month during the year was Nil. (2019: Nil).

		2020	2019
12. SHORT TERM INVESTMENTS			
Held to Maturity - Unquoted			
Bank of Punjab		150,000,000	-
The Bank of Khyber		50,000,000	50,000,000
Zarai Tariquati Bank		-	150,000,000
		200,000,000	200,000,000

These represent investments in local currency TDRs. Face value of these investments are Rs 200 million (2019: 200 million) with interest rate of 9.25 %, agregate.

		2020	2019
13. CASH AND BANK BALANCES			
Cash in hand		404,023	451,500
Cash at banks:			
Current accounts		14,892,372	65,214,989
Saving accounts	13.1	80,447,519	36,859,584
		95,339,891	102,074,573
		95,743,914	102,526,073

13.1 The balance carries profit/ interest rate of 5.85% to 6.5%.

		2020	2019
14. REVENUE			
Commission on sale of tickets of Pakistan Railways		75,404,801	102,815,008
Revenue from consultancy services	14.1	142,206,558	75,170,863
Revenue from trains management	14.2	-	569,956,439
Revenue from railway marriage hall		-	1,124,000
The Circular rail & mass transit project		600,000	-
Revenue from heritage department		474,800	743,840
		218,686,159	749,810,150

	2020	2019
14.1 Revenue from consultancy services		
Feasibility Study for Up Gradation of Main Line (ML-1)	106,769,655	71,728,138
Consultancy Services for Comprehensive Design of Drainage System	-	1,080,000
Supply of Crossings and Switches of different types (140 Sets)	-	2,362,725
Technical & Financial Feasibilty Study & Transaction Advisory Services for Keti Bandar	35,436,903	-
	142,206,558	75,170,863

14.2 Revenue from Khushhal Khan Khattak Express

Passenger revenue		-	526,775,466
Parcel revenue		-	16,286,299
Income from pass PTO		-	1,894,132
Income from short composition		-	20,888,887
Income from advertisment		-	1,200,000
Tender fee/ other Income		-	1,500
Deduction from staff (Short Remitance)		-	36,771
Areated water		-	2,873,384
		-	569,956,439

15. COST OF SALES

Expenditure sale of ticket	15.1.	98,807,262	92,377,453
Expenditure consultancy services	15.2.	31,802,797	59,423,897
Expenditure train management	15.3.	-	524,172,869
Expenditure The circular rail & mass transit project		507,025	-
Expentiture-Hertigate Cell Department	15.4.	4,164,096	6,269,361
		135,281,180	682,243,581

15.1. EXPENDITURE - TICKET SALES

Salaries, allowances and benefits		82,095,997	77,879,605
Travelling and conveyance		337,595	367,980
Fuel & CNG		9,639	262,028
Rent, rates and taxes		4,793,824	4,112,969
Retirement benefit obligation		6,245,750	2,255,579
Vehicle repair & maintance		41,780	93,490
Misc		16,200	1,389,525
EOBI Contribution		132,600	132,600
Newapaper & periodical		-	8,976
Office expenses and maintenance		444,064	1,523,173
Electricity, gas and water		573,383	508,915
Printing and stationery		958,741	630,874
Telephone, postage and telegrams		950,516	753,561
Security services		1,534,803	1,868,248
NBP Collection Charges(Shalimar Express)		-	-
Advertisment		245,000	-
License Fee		-	-
Water & ICE		-	48,474
Legal & Professional		-	69,000
Depreciation	9.	427,370	472,456
		98,807,262	92,377,453

15.2 Consultancy -Civil Engineering

General Admin of Civil Engineering	4,211,785	931,146
Topographic Survey for Improvement to Drainage and sewerage system in Railway Station Yard Colony, Hyderabad	375,000	500,000
Retirement bnefit obligation	122,466	-
Technical & Financial Feasibilty Study and Transaction Advisory Services for Keti Bandar Project (Rail Link)	4,592,176	32,730,087
Depreciation	427,370	472,456
Feasibility of Upgradition of main line (ML-)	22,074,000	24,790,208
	31,802,797	59,423,897

15.3 Expenses of Khushhal Khan Khattak Express

Contract fee to Pakistan Railways	-	480,004,130
Bank collection charges - National Bank of Pakistan	-	7,843,866
Salaries and benefits	-	29,333,220
Traveling and conveyance	-	891,975
Rent, rates and taxes	-	3,687,880
Office running and maintenance	-	130,063
Professional Charges	-	1,100
Utilities	-	411,876
Postage, telecommunication, internet	-	155,121
Printing and stationery	-	963,237
Vehicle running expenses	-	29,663
Business promotion	-	11,760
Advertisement	-	31,537
Newspapers and periodicals	-	6,953
Bank Charges	-	1,334
Commission		669,154
	-	524,172,869

22. TRANSACTIONS AND RELATION WITH RELATED PARTIES

Related parties comprise subsidiary, associated companies, companies where directors also hold directorship, retirement benefits fund and key management personnel. Significant transactions with related parties during the year are as under:

Name of Related Party	Transactions during the year and year end balances	2020	2019
		---------Rupees---------	
Pakistan Railway			
	Trade receivables	**194,512,837**	118,652,767
	Security deposits	**89,447,889**	45,917,889
	Advance to Pakistan Railway for KKK Express	**87,896,744**	87,896,744
	Other receivables	**26,993,251**	69,890,973
	Revenue	**218,686,159**	749,810,150
	Trade Creditors	**2,920,000**	5,009,774
	Other payables	**14,081,053**	14,081,053

23. REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration including certain benefits to the chief executive and directors of the Company is as follows:

	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
Number of persons including those who served part of the year	1	1	9	9	-	-
Managerial remuneration	2,722,860	1,407,846	225,000	400,000	-	-
Housing and utilities	489,528	104,814	-	-	-	-
Other allowances	989,160	-	-	-	-	-
Medical benefits	74,832	-	-	-	-	-
Perks	185,564	91,032	-	-	-	-
Leave encashment	-	-	-	-	-	-
Contribution to provident fund	-	-	-	-	-	-
	4,461,944	1,603,692	225,000	400,000	-	-

Executive means any employee whose pay scale is (BPS-20) or above in 2020 .

The aggregate amount charged in the financial statements in respect of directors' fee paid was Rupees: Nil (2019: Nil)

24. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

24.1 Financial Assets and Liabilities

	Interest / Mark-Up Bearing			Non-Interest Bearing			Total
	Maturity Up to One Year	Maturity After One Year	Sub Total	Maturity Up to One Year	Maturity After One Year	Sub Total	
FINANCIAL ASSETS	...............RUPEES...............			...............RUPEES...............			**RUPEES**
Trade Debtors	-	-	-	194,512,837	-	194,512,837	**194,512,837**
Advances, Deposits, Prepayments & Other Receivables:	-	-	-	237,561,770	-	237,561,770	**237,561,770**
Short Term Investments	200,000,000	-	200,000,000	-	-	-	**200,000,000**
Bank Balances	80,447,519	-	80,447,519	14,892,372	-	14,892,372	**95,339,891**
2020	**280,447,519**	-	**280,447,519**	**446,966,979**	-	**446,966,979**	**727,414,498**
2019	236,859,584	747,942,310	984,801,894	233,493,455	20,265,274	253,758,729	**1,238,560,623**
FINANCIAL LIABILITIES							
Creditors Accrued & Oth	-	-	-	58,903,699	-	58,903,699	
2020	-	-	-	**58,903,699**	-	**58,903,699**	-
2019	-	-	-	73,516,163	-	73,516,163	-

24.2 The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

24.3 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

24.4 Banks and investment Institutions

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

24.5 Market Risk

Market risk arises where the value of Financial Instruments Fluctuate due to changes in market prices.

24.6. Liquidity Risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position.

25. DATE OF AUTHORIZATION FOR ISSUE

The financial statement were authorized for issue on 3-Nov-2020 by the Board of Directors Pakistan Railway Advisory and Consultancy Services Limited.

26 GENERAL

Figures have been rounded off to the nearest rupee.

	2020	2019
	----------Rupees----------	
9. **PROPERTY, PLANT AND EQUIPMENT**		
	21,371,636	23,074,811
	21,371,636	23,074,811

	Building on leasehold land	Furniture and fittings	Office equipment	Electric Appliance	Crockery	Vehicles	Books	Railway bedding	Total
			..........Rupees..........						
Year ended 30 June 2020									
Opening net book value	7,486,536	2,816,801	6,584,060	4,379,003	119,568	1,670,936	17,000	905	23,074,809
Additions/Adjustment	189,000	69,978	162,700	-	12,000		-	-	433,678
Disposals / written off:	-	-	-	-	-	-	-	-	-
Depreciation charge	383,777	288,678	674,676	437,900	13,157	334,187	4,250	226	2,136,851
Closing net book value	7,291,759	2,598,101	6,072,084	3,941,103	118,411	1,336,750	12,750	678	21,371,636
Year ended 30 June 2020									
Cost	16,874,371	9,264,798	22,867,266	10,713,619	222,256	15,944,170	338,516	214,310	76,439,306
Accumulated Depreciation	(9,582,612)	(6,666,697)	(16,795,181)	(6,772,516)	(103,845)	(14,607,421)	(325,766)	(213,630)	(55,067,668)
Closing net book value	7,291,759	2,598,101	6,072,085	3,941,103	118,411	1,336,749	12,750	680	21,371,638
Year ended 30 June 2019									
Opening net book value	7,880,564	2,729,899	7,315,625	4,393,414	132,853	2,088,670	22,667	1,207	24,564,899
Additions/Adjustment	-	399,880	-	473,812	-	-	-	-	873,692
Disposals / written off:				(1,500)	-				(1,500)
Depreciation charge	394,028	312,978	731,565	486,723	13,285	417,734	5,667	302	2,362,281
Impairment cost	-	-	-	-	-	-	-		-
Closing net book value	7,486,536	2,816,801	6,584,060	4,379,003	119,568	1,670,936	17,000	905	23,074,811
Year ended 30 June 2019									
Cost	16,685,371	9,194,820	22,704,566	10,713,619	210,256	15,944,170	338,516	214,310	76,005,628
Accumulated depreciation	(9,198,835)	(6,378,019)	(16,120,505)	(6,334,616)	(90,688)	(14,273,234)	(321,516)	(213,404)	(52,930,817)
Closing net book value	7,486,536	2,816,801	6,584,061	4,379,003	119,568	1,670,936	17,000	906	23,074,811
Annual rate of depreciation (%)	5%	10%	10%	10%	10%	20%	25%	25%	

	NOTE	2020	2019
		--------Rupees-------	
Expenditure - Ticket Sales	15.1.	427,370	472,456
Consultancy - Engineering	15.2	427,370	472,456
Administrative and General Expenses	16	1,282,111	1,417,369
		2,136,851	2,362,281