

**PUNJAB RING ROAD  
INFRASTRUCTURE  
MANAGEMENT AND  
ENGINEERING (PRIVATE)  
LIMITED**

**FOR THE YEAR ENDED JUNE 30, 2024**

**PUNJAB RING ROAD INFRASTRUCTURE MANAGEMENT AND  
ENGINEERING (PRIVATE) LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2024**

	Note	2024 Rupees	2023 Rupees (Restated)	2022 Rupees (Restated)
<b>ASSETS</b>				
<b>Non Current Assets</b>				
Operating fixed assets	6	12,529,150	13,950,254	14,165,512
Concession assets	7	11,236,462,369	12,999,449,745	14,824,317,830
Capital work in progress	8	36,525,929	31,923,542	31,923,542
Intangible assets	9	-	-	-
Deferred tax asset	10	-	-	-
		11,285,517,448	13,045,323,541	14,870,406,884
<b>Current Assets</b>				
Accounts receivable	11	282,455,520	215,629,900	157,536,080
Advances and prepayments	12	15,176,989	5,644,977	2,434,972
Taxation - net	13	-	2,397,562	915,710
Cash and bank balances	14	307,438,662	336,101,872	489,430,355
		605,071,171	559,774,311	650,317,117
		<u>11,890,588,619</u>	<u>13,605,097,852</u>	<u>15,520,724,001</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Share Capital and Reserves</b>				
Authorized share capital: 124,340,000 (2023: 124,340,000) ordinary shares of Rs. 100 each		<u>12,434,000,000</u>	<u>12,434,000,000</u>	<u>12,434,000,000</u>
Issued, subscribed and paid up share capital	15	12,433,103,000	12,433,103,000	12,433,103,000
Accumulated loss		(12,964,723,625)	(10,674,885,725)	(9,050,270,954)
		(531,620,625)	1,758,217,275	3,382,832,046
<b>Non Current Liabilities</b>				
Long term financing from banking company	16	7,499,921,378	8,230,492,030	8,465,420,521
Post employment benefit obligations	17	-	8,888,904	4,734,792
Deferred markup	18	274,674,834	224,315,912	-
Long term loan from related party	19	2,211,773,429	1,921,773,429	1,000,000,000
		9,986,369,641	10,385,470,275	9,470,155,313
<b>Current Liabilities</b>				
Trade and other payables	20	161,231,834	167,639,246	510,073,303
Current portion of long term financing from banking company	16	863,614,130	333,043,478	1,167,503,869
Accrued markup	21	1,410,283,846	960,727,578	990,159,470
Taxation - net	13	709,793	-	-
		2,435,839,603	1,461,410,302	2,667,736,642
<b>Contingencies and Commitments</b>				
	22	-	-	-
		<u>11,890,588,619</u>	<u>13,605,097,852</u>	<u>15,520,724,001</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

# PUNJAB RING ROAD INFRASTRUCTURE MANAGEMENT AND ENGINEERING (PRIVATE) LIMITED

## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees (Restated)
Revenue	23	2,530,237,757	2,354,531,100
Operating expenses	24	<u>(2,375,485,322)</u>	<u>(2,381,253,506)</u>
<b>Gross Profit / (Loss)</b>		154,752,435	(26,722,406)
Administrative expenses	25	<u>(53,072,119)</u>	<u>(45,489,791)</u>
Finance cost	26	<u>(2,419,689,469)</u>	<u>(1,859,227,902)</u>
		<u>(2,472,761,588)</u>	<u>(1,904,717,693)</u>
<b>Operating Loss</b>		(2,318,009,153)	(1,931,440,099)
Other income	27	<u>60,081,554</u>	<u>337,533,327</u>
<b>Loss before Levy and Taxation</b>		(2,257,927,599)	(1,593,906,772)
Minimum Tax - Levy	28	<u>(31,627,972)</u>	<u>(29,431,639)</u>
<b>Loss before Taxation</b>		(2,289,555,571)	(1,623,338,411)
Taxation	28	-	-
<b>Net Loss for the Year</b>		<u>(2,289,555,571)</u>	<u>(1,623,338,411)</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

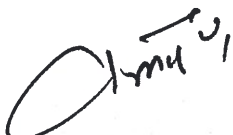
  
**DIRECTOR**

**PUNJAB RING ROAD INFRASTRUCTURE MANAGEMENT AND  
ENGINEERING (PRIVATE) LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	<b>2024</b> Rupees	<b>2023</b> Rupees (Restated)
<b>Net Loss for the Year</b>		(2,289,555,571)	(1,623,338,411)
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement (loss) / gain on defined benefit obligation	17.3	(282,329)	(1,276,360)
Related tax impact		-	-
		(282,329)	(1,276,360)
<b>Items that may be reclassified subsequently to profit or loss</b>			
		-	-
Other comprehensive loss for the year		(282,329)	(1,276,360)
<b>Total Comprehensive Loss for the Year</b>		<u>(2,289,837,900)</u>	<u>(1,624,614,771)</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**PUNJAB RING ROAD INFRASTRUCTURE MANAGEMENT AND  
ENGINEERING (PRIVATE) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2024**

Particulars	Issued, Subscribed and Paid up Share Capital	Accumulated Loss	Total
	Rupees	Rupees	Rupees
<b>Balance as at June 30, 2022</b>	12,433,103,000	(9,050,270,954)	3,382,832,046
Net loss for the year	-	(1,623,338,411)	(1,623,338,411)
Other comprehensive loss for the year	-	(1,276,360)	(1,276,360)
Total comprehensive loss for the year	-	(1,624,614,771)	(1,624,614,771)
<b>Balance as at June 30, 2023 as Restated</b>	<u>12,433,103,000</u>	<u>(10,674,885,725)</u>	<u>1,758,217,275</u>
<b>Balance at June 30, 2023 as Previously Reported</b>	12,433,103,000	(10,950,569,813)	1,482,533,187
Effect of restatement (note 5)	-	275,684,088	275,684,088
<b>Balance at June 30, 2023 as Restated</b>	<u>12,433,103,000</u>	<u>(10,674,885,725)</u>	<u>1,758,217,275</u>
Net loss for the year	-	(2,289,555,571)	(2,289,555,571)
Other comprehensive loss for the year	-	(282,329)	(282,329)
Total comprehensive loss for the year	-	(2,289,837,900)	(2,289,837,900)
<b>Balance as at June 30, 2024</b>	<u>12,433,103,000</u>	<u>(12,964,723,625)</u>	<u>(531,620,625)</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

# PUNJAB RING ROAD INFRASTRUCTURE MANAGEMENT AND ENGINEERING (PRIVATE) LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024

		2024 Rupees	2023 Rupees (Restated)
	Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before levy and taxation		(2,257,927,599)	(1,593,906,772)
Adjustment for:			
- Depreciation on concession assets	7	1,762,987,376	1,824,868,085
- Depreciation on operating fixed assets	6	1,786,183	2,042,144
- Provision for post employment benefits	17.1	3,028,819	2,986,064
- Profit on savings bank accounts	27	(60,081,554)	(58,720,202)
- Gain on discounting of deferred markup	27	-	(278,813,125)
- Finance cost	26	2,419,689,469	1,859,227,902
		4,127,410,293	3,351,590,868
<b>Operating Profit before Working Capital Changes</b>		1,869,482,694	1,757,684,096
Decrease / (increase) in current assets			
- Accounts receivable		(66,825,620)	(58,093,820)
- Advances and prepayments		(9,532,012)	(3,210,005)
Increase / (decrease) in current liabilities:			
- Trade and other payables		(14,780,310)	(342,434,057)
		(91,137,942)	(403,737,882)
<b>Cash Generated from Operations</b>		1,778,344,752	1,353,946,214
Finance cost paid		(1,919,774,279)	(1,385,530,757)
Gratuity paid	17	(3,827,154)	(108,312)
Levy paid	13	(28,520,617)	(30,913,491)
Income tax paid		-	-
		(1,952,122,050)	(1,416,552,560)
<b>Net Cash Used in Operating Activities</b>		(173,777,298)	(62,606,346)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of operating fixed assets	6	(365,079)	(1,826,886)
Advance given for the purchase of vehicle	8	(4,602,387)	-
Profit on savings bank accounts	27	60,081,554	58,720,202
<b>Net Cash Generated from Investing Activities</b>		55,114,088	56,893,316
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing repaid	16	(200,000,000)	(1,069,388,882)
Long term loan obtained from Frontier Works Organization - related party		290,000,000	921,773,429
<b>Net Cash Generated from /(Used in) Financing Activities</b>	29	90,000,000	(147,615,453)
<b>Net Decrease in Cash and Cash Equivalents</b>		(28,663,210)	(153,328,483)
Cash and cash equivalents at the beginning of the year		336,101,872	489,430,355
<b>Cash and Cash Equivalents at the End of the Year</b>	14	307,438,662	336,101,872

The annexed notes from 1 to 36 form an integral part of these financial statements.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

# PUNJAB RING ROAD INFRASTRUCTURE MANAGEMENT AND ENGINEERING (PRIVATE) LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### Note 1

#### The Company and its Operations

- 1.1** Punjab Ring Road Infrastructure Management and Engineering (Private) Limited (the Company) was incorporated in Pakistan on June 16, 2016 as a Private Limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is domiciled in Pakistan and its registered office is located at Punjab Ring Road Authority Complex, Near Bulleh Shah Interchange, Gajju Matta, Ferozpur Road, Lahore. The Company is principally formed for the purpose of the construction, operation and maintenance and collection of toll of Lahore Ring Road Southern Loop (SL-1 and SL-2) carriage way for the Concession period of 26 years on Build-Operate-Transfer (BOT) basis, pursuant to a Concession Agreement dated June 22, 2016, entered into between the Punjab Ring Road Authority (PRRA) and the Company. Additionally, the Company shall be responsible for collecting the toll and maintenance of the existing toll plazas on already constructed Northern Loop of Lahore Ring Road, during the above mentioned concession period. After the expiry of the above Concession period, the Company will transfer the Concession Asset to Government of the Punjab.
- 1.2** The Company has accumulated loss of Rs. 12,964.724 million (2023: Rs. 10,674.886 million) as at the reporting date and has incurred net loss for the period under audit of Rs. 2,289.556 million (2023: Rs. 1,623.338 million). Furthermore, current liabilities of the Company exceed its current assets by Rs. 1,830.768 million (2023: Rs. 901.636 million) as at the reporting date. These factors raise doubts about the Company being a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

However, any adjustments relating to recoverability of recorded assets and liabilities have not been incorporated in these financial statements as:

- The Company has increased its revenue by revising toll rates and is further expecting an increase in revenue.
- Interest rate has reduced during the year and the Company expects further reduction in KIBOR which will also give a relief to the Company for making payment of loan instalment along with mark up on reduced rate.
- Frontier Works Organization (FWO, the Parent Company) will continue to support the Company in making loan repayment till loan agreement. During the year, the Company has received additional loan amounting to Rs. 290 million from FWO.
- The Company has repaid principal loan instalment of Rs. 200 million along with mark up amounting to Rs. 1,919.774 million during the year.

Keeping in view these factors, the going concern assumption is considered appropriate and, therefore, these financial statements have been prepared on going concern basis.

### Note 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 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 the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS-standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise in the respective policies and notes given hereunder.

#### 2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

#### 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made. Significant management estimates in these financial statements relate primarily to:

- Useful lives, residual values and depreciation method of operating fixed assets – Note 4.1 & 6

Note 2, Basis of Preparation - Contd...

- Useful lives, residual values and depreciation method of concession assets – Note 4.1 & 7
- Useful lives, residual values and amortization method of concession assets – Note 4.3 & 9
- Impairment loss of non-financial assets – Note 4.4
- Estimation of provisions - Note 4.5
- Obligation of post employment benefits - Note 4.6 & 17
- Estimation of contingent liabilities - Note 4.11 & 22
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses and credits) - Note 4.8, 10, 13 & 28

However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

Note 3

**Changes in Accounting Standards, Interpretations and Pronouncements**

**3.1 Standards, interpretations and amendments to approved accounting standards that became effective during the year**

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standard or Interpretation	Effective Date - Annual Periods Beginning on or After
IAS 01 Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting Policies	January 01, 2023
IAS 08 Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
IAS 12 Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
IAS 12 Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	January 01, 2023
IFRS 17 Initial Application of 'IFRS 17 Insurance Contracts and IFRS 9 - Comparative Information'	January 01, 2023

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standard or Interpretation	Effective Date - Annual Periods Beginning on or After
IAS 01 Presentation of Financial Statements (Amendments)	January 01, 2024
IAS 07 Amendments to IAS 7 "Statement of Cash Flows"	January 01, 2024
IAS 21 The Effects of Changes in Foreign Exchange Rates (Amendments)	January 01, 2024
IFRS 07 Amendments to IFRS 7 "Financial Instruments Disclosures"- Supplier Finance Arrangements	January 01, 2024
IFRS 7 & 9 Amendments to Classification and Measurement of Financial Instruments - Amendments to IFRS 7 and IFRS 9	January 01, 2024
IFRS 16 Amendments to IFRS 16 "Leases" - Clarification on how seller-lessee subsequently measures sale and lease back transaction	January 01, 2024

Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have not been notified locally, in relation to the Company, by the Securities and Exchange Commission of Pakistan (SECP) as at January 31, 2024:

IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 19	IFRS 19 'Subsidiaries Without Public Accountability: Disclosures'
IFRS 1	First Time Adoption of IFRS
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	Climate-Related Disclosures

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Company has changed its accounting policy to recognise minimum and final taxes as 'Levy' under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which were previously being recognised as 'Income tax'.

**Note 3, Changes in Accounting Standards, Interpretations and Pronouncements - Contd..**

The Company has accounted for the effects of these changes in accounting policy retrospectively under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures have been restated in these unconsolidated financial statements. The effects of restatements are as follows:

	<b>Had there been no change in accounting policy</b>	<b>Impact of change in accounting policy</b>	<b>After incorporating effects of change in accounting policy</b>
	Rupees	Rupees	Rupees
<i>Effect on statement of profit or loss</i>			
<b>For the year ended June 30, 2024</b>			
Minimum Tax - Levy	-	(31,627,972)	(31,627,972)
Loss before Taxation	(2,257,927,599)	(31,627,972)	(2,289,555,571)
Taxation	(31,627,972)	31,627,972	-
<b>For the year ended June 30, 2023</b>			
Minimum Tax - Levy	-	(29,431,639)	(29,431,639)
Loss before Taxation	(1,593,906,772)	(29,431,639)	(1,623,338,411)
Taxation	(29,431,639)	29,431,639	-

The related changes to the statement of cash flows with respect to the amount of profit before taxation have been made as well. There is no impact on profit after tax, statement of other comprehensive income and statement of financial position.

**3.3 Application of waiver from requirement of IFRIC 12 "Service Concession Arrangements"**

In accordance with S.R.O 24(I)/2012, dated January 16, 2012, the Company has availed exemption, granted by the Securities and Exchange Commission of Pakistan (SECP), from requirements of IFRIC 12 while preparing these financial statements.

IFRIC 12 applies to public-to-private service concession arrangements if the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; the grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement.

**Note 4**

**Summary of Material Accounting Policy Information**

The material accounting policy information adopted in the preparation of these financial statements is set out below. These policies have been consistently applied to all the periods presented unless stated otherwise:

**4.1 Operating fixed assets / Concession assets**

***Owned***

Operating fixed assets and concession assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price and all other expenses which are directly attributable for bringing the asset to its intended use, location and condition.

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

Depreciation on operating fixed assets and concession assets are charged on reducing balance method and straight line basis respectively using the rates stated in Note 6 and Note 7. Depreciation on additions is charged from the from the day asset is available for use until the day of its disposal.

The depreciation method and useful lives of operating fixed assets and concession assets are reviewed by the management, at each financial year-end and adjusted if appropriate. The effect of any adjustment to useful lives and methods is recognized prospectively as a change in accounting estimate.

*Note 4, Summary of Material Accounting Policy Information - Contd..*

The Company assesses at each reporting date whether there is any indication that operating fixed assets and concession assets are impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

An item of operating fixed assets and concession assets is de-recognized upon disposal or when no future economic benefits are expected from its use. Disposal of an asset is recognized when significant risk and rewards, incidental to the ownership of an asset, have been transferred to the buyer. The gain or loss on disposal or retirement of operating fixed assets or concession assets represented by the difference between the sale proceeds and the carrying amount of operating fixed assets or concession assets is recognized as an income or expense in the period of disposal or retirement of asset in statement of profit or loss.

**4.2 Capital work in progress**

Capital work in progress is stated at cost less accumulated impairment losses, if any. Cost includes construction costs incurred on construction of Lahore Ring Road and other directly attributable cost. Capital work in progress is transferred to concession assets upon completion.

**4.3 Intangible asset**

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of such asset can be measured reliably. Cost of intangible assets includes purchase cost and directly attributable expenses incidental to bring the intangible to its intended use.

Costs that are directly associated with identifiable intangible and have probable economic benefits beyond one year, are recognized as an intangible asset. However, costs associated with the maintenance of intangible are recognized as an expense. All intangibles are measured initially at cost and subsequently stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to statement of profit or loss using the straight line method so as to write off the cost of an intangible over its estimated useful life.

**4.4 Impairment of non-financial assets**

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on such assets are charged to the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation / amortization charge is adjusted in future periods to allocate the asset's revised carrying amount over its remaining useful life.

**4.5 Provisions**

Provisions are recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources shall be required to settle the obligation and the amount has been reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

**4.6 Post employment benefit obligations**

**4.6.1 Unfunded Gratuity Scheme**

The Company operated unfunded gratuity scheme. The cost of providing benefits under the defined benefit plan was determined using the projected unit credit actuarial valuation method, which was carried out by an independent actuary.

Post employment benefits are payable to employees on resignation, retirement or termination from service, subject to the completion of prescribed qualifying period of service under the scheme. During the year, the Company has terminated the gratuity scheme and offered Provident Fund scheme to all permanent employees.

**4.6.2 Provident Fund**

The Company operates a defined contribution plan in the form of unrecognized provident fund scheme for the permanent employees. The Contributions to the fund are to be made on monthly basis by the Company and employees at the of 8% of the permanent employee's basic salary.

**4.7 Trade and other payables**

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

**4.8 Taxation**

Income tax expense for the year comprises current and deferred tax and is recognized in the statement of profit or loss except to the extent that relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

*Note 4, Material Accounting Policy Information - Contd...*

**4.8.1 Current**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the year end of the reporting date.

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments. Current tax for current and prior periods, to the extent unpaid is recognized as a liability. If the amount already paid irrespective of current and prior period exceeds the amount due to those periods the excess recognized as an asset.

The Company offsets current tax assets and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The management periodically evaluates positions taken in the tax returns with respect to situation in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

When minimum tax is higher than tax calculated on taxable profits, excess amount is recognized as levy under IFRIC 21. Further, the Company shall also charged tax expense under levy when tax is calculated under final tax regime.

**4.8.2 Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences unused tax losses and tax credits can be utilized.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit (tax loss) of the periods in which temporary differences are expected to reverse.

**4.9 Revenue recognition**

Revenue is recognised at a point in time when the Company satisfies performance obligations in accordance with the following steps:

- i) Identify the contract with the party
- ii) Identify the performance obligation in the contract
- iii) Determine the transaction price of the contract
- iv) Allocate the transaction price to each of the separate performance obligations in the contract
- v) Recognize the revenue when (or as) the Company satisfies a performance obligation

Company's performance obligation in respect of toll revenue consists of arrangements of ticketing system at toll booth locations and performance obligation is satisfied when the vehicles pass through the toll booth and toll ticket is generated from the ticketing system. Toll revenue is recognised when the Company satisfies this performance obligation.

**4.10 Borrowing Cost**

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such finance costs are capitalized as part of the cost of that asset up to the date of its commissioning.

**4.11 Contingent liabilities**

A contingent liability is disclosed when there is a possible obligation that arises from past events and 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.

A contingent liability is also disclosed when there is present 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.

Note 4, Material Accounting Policy Information - Contd...

#### **4.12 Related party transactions**

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party or between two or more segments of the Company are at arm's length basis determined using the comparable uncontrolled price method except in circumstances where it is not in the interest of the Company to do so.

#### **4.13 Financial Instruments**

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

##### **4.13.1 Financial assets**

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

##### ***Classification***

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Company classifies its financial assets at amortized cost. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

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

All financial assets are initially measured at fair value plus transaction costs that are directly attributable to its acquisition except for trade receivable. Trade receivables are initially measured at transaction price. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15.

##### ***Subsequent Measurement***

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method (EIR). The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

##### ***Derecognition***

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired. The difference between the carrying amount and the consideration received is recognized in profit or loss.

##### ***Impairment of financial assets***

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

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

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

##### **4.13.2 Financial liabilities**

##### ***a) Initial recognition and measurement***

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc. The Company does not reclassify any of its financial liabilities.

##### ***b) Subsequent measurement***

The Company measures its financial liabilities subsequently at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR amortization is included as finance costs profit or loss. Difference between carrying amount and consideration paid is recognized in the profit or loss account when the liabilities are derecognized.

##### **4.13.3 Off-setting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **4.14 Cash and Cash Equivalents**

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and cash at banks.

Note 5

**Rectification of Error**

The Company renegotiated the repayment of mark up amounting to Rs. 500 million on June 08, 2023 with the Bank. Pursuant to that revision in agreement, accrued markup amounting to Rs. 500 million was freezed and treated as Term Loan. This deferred mark is repayable in 2 equal semi-annual installments of Rs. 250 million each due in March 2027 and September 2027. Considering above, accrued markup was discounted using the KIBOR rate prevailing on the effective date at @ 22.45%.

Further, the Company provided an advance of amounting to Rs. 31.923 million to M/s Frontier Works Organisation- related party for the construction of the Southern Loop SL II. This advance was previously classified under advances and prepayments and it should be classified to capital work in progress.

Therefore, the Company has restated its different account heads with retrospective effect for correction of error and better presentation of its financial statements as under:

	<b>2023</b>	<b>2022</b>
	Rupees	Rupees
<b>Statement of Financial Position</b>		
<b>Deferred markup</b>		
As previously reported	-	-
Correction of error and reclassification	224,315,912	-
	<u>224,315,912</u>	<u>-</u>
<b>Accrued Markup</b>		
As previously reported	1,460,727,578	990,159,470
Correction of error and reclassification	(500,000,000)	-
	<u>960,727,578</u>	<u>990,159,470</u>
<b>Advances and prepayments</b>		
As previously reported	37,568,519	34,358,514
Correction of error and reclassification	(31,923,542)	(31,923,542)
	<u>5,644,977</u>	<u>2,434,972</u>
<b>Capital work in progress</b>		
As previously reported	-	-
Correction of error and reclassification	31,923,542	31,923,542
	<u>31,923,542</u>	<u>31,923,542</u>
<b>Accumulated loss</b>		
As previously reported	(10,950,569,813)	(9,050,270,954)
Correction of error and reclassification	275,684,088	-
	<u>(10,674,885,725)</u>	<u>(9,050,270,954)</u>
<b>Statement of Profit or Loss</b>		
		<b>2023</b>
		Rupees
<b>Finance cost</b>		
As previously reported		1,856,098,865
Correction of error and reclassification		3,129,037
		<u>1,859,227,902</u>
<b>Other income</b>		
As previously reported		58,720,202
Correction of error and reclassification		278,813,125
		<u>337,533,327</u>

Note 6

**Operating Fixed Assets**

Description	Vehicles	IT Equipment	Furniture and Fixtures	Communication	Office Equipment	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Net Carrying Value Basis</b>						
<b><u>Year Ended June 30, 2024</u></b>						
Opening net book value	3,908,530	2,279,637	2,878,012	51,806	4,832,269	13,950,254
Additions	-	-	-	-	365,079	365,079
Depreciation charge	(781,706)	(227,964)	(287,801)	(5,181)	(483,531)	(1,786,183)
Closing net book value	<u>3,126,824</u>	<u>2,051,673</u>	<u>2,590,211</u>	<u>46,625</u>	<u>4,713,817</u>	<u>12,529,150</u>
<b>Gross Carrying Value Basis</b>						
<b><u>Year Ended June 30, 2024</u></b>						
Cost	12,571,026	3,006,261	3,684,037	103,155	7,008,928	26,373,407
Accumulated depreciation	(9,444,202)	(954,588)	(1,093,826)	(56,530)	(2,295,111)	(13,844,257)
Net book value	<u>3,126,824</u>	<u>2,051,673</u>	<u>2,590,211</u>	<u>46,625</u>	<u>4,713,817</u>	<u>12,529,150</u>
<b>Net Carrying Value Basis</b>						
<b><u>Year Ended June 30, 2023</u></b>						
Opening net book value	4,885,662	1,206,038	3,197,791	57,562	4,818,459	14,165,512
Additions	-	1,303,586	-	-	523,300	1,826,886
Depreciation charge	(977,132)	(229,987)	(319,779)	(5,756)	(509,490)	(2,042,144)
Closing net book value	<u>3,908,530</u>	<u>2,279,637</u>	<u>2,878,012</u>	<u>51,806</u>	<u>4,832,269</u>	<u>13,950,254</u>
<b>Gross Carrying Value Basis</b>						
<b><u>Year Ended June 30, 2023</u></b>						
Cost	12,571,026	3,006,261	3,684,037	103,155	6,643,849	26,008,328
Accumulated depreciation	(8,662,496)	(726,624)	(806,025)	(51,349)	(1,811,580)	(12,058,074)
Net book value	<u>3,908,530</u>	<u>2,279,637</u>	<u>2,878,012</u>	<u>51,806</u>	<u>4,832,269</u>	<u>13,950,254</u>
<b>Depreciation rates</b>	<u>20%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	

**6.1** A charge has been created on all the assets of the Company against long term financing as mentioned in note 16 to these financial statements.

**6.2** Depreciation charge for the year has been allocated to Administrative Expenses (Note 25).

Notes to and Forming Part of the Financial Statements

Note 7

Concession Assets

Description	Building	Structure	Toll Plazas	Other Assets	Road Infrastructure	Intelligent Transport System	Operational Vehicles	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Net Carrying Value Basis</b>								
<b>Year Ended June 30, 2024</b>								
Opening net book value	347,249,194	4,623,780,598	535,369,412	1,313,916,055	6,179,134,486	-	-	12,999,449,745
Additions	-	-	-	-	-	-	-	-
Depreciation charge	(19,393,959)	(258,174,067)	(29,914,873)	(73,240,060)	(1,382,264,417)	-	-	(1,762,987,376)
Closing net book value	327,855,235	4,365,606,531	505,454,539	1,240,675,995	4,796,870,069	-	-	11,236,462,369
<b>Gross Carrying Value Basis</b>								
<b>Year Ended June 30, 2024</b>								
Cost	454,232,394	6,055,999,833	700,769,860	1,726,458,840	13,822,644,165	449,152,954	242,520,000	23,451,778,046
Accumulated depreciation	(126,377,159)	(1,690,393,302)	(195,315,321)	(485,782,845)	(9,025,774,096)	(449,152,954)	(242,520,000)	(12,215,315,677)
Net book value	327,855,235	4,365,606,531	505,454,539	1,240,675,995	4,796,870,069	-	-	11,236,462,369
<b>Net Carrying Value Basis</b>								
<b>Year Ended June 30, 2023</b>								
Opening net book value	366,656,436	4,881,954,665	565,284,285	1,387,206,279	7,561,398,903	41,607,262	20,210,000	14,824,317,830
Additions	-	-	-	-	-	-	-	-
Depreciation charge	(19,407,242)	(258,174,067)	(29,914,873)	(73,290,224)	(1,382,264,417)	(41,607,262)	(20,210,000)	(1,824,868,085)
Closing net book value	347,249,194	4,623,780,598	535,369,412	1,313,916,055	6,179,134,486	-	-	12,999,449,745
<b>Gross Carrying Value Basis</b>								
<b>Year Ended June 30, 2023</b>								
Cost	454,232,394	6,055,999,833	700,769,860	1,726,458,840	13,822,644,165	449,152,954	242,520,000	23,451,778,046
Accumulated depreciation	(106,983,200)	(1,432,219,235)	(165,400,448)	(412,542,785)	(7,643,509,679)	(449,152,954)	(242,520,000)	(10,452,328,301)
Net book value	347,249,194	4,623,780,598	535,369,412	1,313,916,055	6,179,134,486	-	-	12,999,449,745
<b>Depreciation rates</b>	4,245%-4,368%	4,245%-4,923%	4,245%-4,923%	4,245%	10%	20%	20%	

7.1 A charge has been created on all the assets of the Company against long term financing as mentioned in note 16 to these financial statements.

7.2 The building listed / classified under the concession assets is constructed on the land owned by PRRA.

7.3 Depreciation charge for the year has been allocated to Operating Expenses (Note 24).

Note 8

**Capital work in progress**

	Note	2024 Rupees	2023 Rupees (Restated)
Advance to related party	8.1	36,525,929	31,923,542

**8.1** This includes advance of Rs. 31.924 million (2023: 31.924 million), given to M/s Frontier Works Organization, a related party (Parent Company) for the construction of the Southern Loop SL II. This advance is considered good and secured against final IPC payment. This also includes advance of Rs. 4.602 million (2023: Nil), given to FWO for the purchase of vehicle for the Company.

Note 9

**Intangible Assets**

	Note	2024 Rupees	2023 Rupees
Intangibles	9.1	-	-
Cost		324,800	324,800
Accumulated amortization		(324,800)	(324,800)
Net book value		-	-
Amortization rate		20%	20%

**9.1** This represents fully amortized "SQL Accounting Software" which was originally acquired at a cost of Rs 324,800.

Note 10

**Deferred Taxation**

	2024 Rupees	2023 Rupees
--	----------------	----------------

Being prudent, the management has not recognised the deferred tax asset since it believes that the utilization of related deductible temporary differences against future taxable profits is not certain. Breakup is as follows:

- Accelerated tax depreciation & amortization	482,900,265	682,070,440
- Employee retirement benefits	-	(2,577,782)
- Deferred markup	(79,655,702)	(65,051,614)
- Unused business losses	(4,469,726,725)	(3,638,636,733)
- Deferred tax asset	(4,066,482,162)	(3,024,195,689)
- Unrecognized deferred tax asset	4,066,482,162	3,024,195,689
	-	-

Business tax losses and unused tax credits available against which deferred tax asset has not been recognized, will expire as follows:

Accounting year to which unused tax relates	Amount of unused	Accounting year in which unused tax loss will expire
Rupees in thousand		
<b>Unabsorbed Tax Depreciation</b>		
Brought forward	12,733,974	
Current year	1,077,980	
	13,811,954	
<b>Unused Tax Loss</b>		
2019	353,685	2025
2020	705,095	2026
2021	-	2027
2022	-	2028
2023	98,523	2029
2024	443,593	
	1,157,303	

Note 11

**Accounts Receivable**

		<b>2024</b>	<b>2023</b>
	Note	Rupees	Rupees
Accounts receivable from FWO	11.1	<u>282,455,520</u>	<u>215,629,900</u>

**11.1** This represents amount receivable from related party M/s Frontier Works Organization. Movement during the year is as follows:

Opening balance	215,629,900	157,536,080
Revenue receivable for the year	893,666,980	710,513,640
Amount received	<u>(826,841,360)</u>	<u>(652,419,820)</u>
Closing balance	<u>282,455,520</u>	<u>215,629,900</u>

**11.2** The balance amounting to Rs. 367,200 is past due for more than one year while remaining balance is past due for less than one year. The maximum aggregate amount due from related party at the end of any month during the year was Rs. 282,455,520 (2023: Rs. 215,629,900). The entire amount has been received subsequent to the reporting date.

**11.3 Trade receivables from related party - FWO**

Name of related party	Gross Amount Due	Past due amount	Provision for expected credit lossess	Reversal of porovision for expected credit losses	Amount due written off	Net amount due
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
FWO	<u>282,455,520</u>	<u>282,455,520</u>	-	-	-	<u>282,455,520</u>

Note 12

**Advances and Prepayments**

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees (Restated)
Advance to employees	947,208	1,494,976
Advance to project management team	1,050,000	550,000
Prepaid insurance	<u>13,179,781</u>	<u>3,600,001</u>
	<u>15,176,989</u>	<u>5,644,977</u>

Note 13

**Taxation - Net**

		<b>2024</b>	<b>2023</b>
	Note	Rupees	Rupees
Opening balance		(2,397,562)	(915,710)
Provision for current tax	13.1	31,627,972	29,431,639
Less: Advance tax withheld / paid during the year		<u>(28,520,617)</u>	<u>(30,913,491)</u>
		<u>709,793</u>	<u>(2,397,562)</u>

**13.1** The provision for current year tax represents tax as minimum turnover tax at the rate of 1.25% (2023: 1.25%) of the turnover.

Note 14

**Cash and Bank Balances**

		<b>2024</b>	<b>2023</b>
	Note	Rupees	Rupees
Cash in hand		168,117	126,911
Cash in transit		9,087,236	14,277,450
Balance at banks - in savings accounts	14.1	<u>298,183,309</u>	<u>321,697,511</u>
	14.2	<u>307,438,662</u>	<u>336,101,872</u>

**14.1** These yield profit at rates ranging from 16.88% to 24.13% (2023: 12.26% to 19.51%) per annum, approximately.

**14.2** The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows.

Note 15

**Issued, Subscribed and Paid up Share Capital**

2024		2023		2024	2023
Number of Shares				Rupees	Rupees
81,831,030	81,831,030	Class A Ordinary shares of Rs. 100 each fully paid in cash		8,183,103,000	8,183,103,000
42,500,000	42,500,000	Class B Ordinary shares of Rs. 100 each fully paid in cash		4,250,000,000	4,250,000,000
<u>124,331,030</u>	<u>124,331,030</u>			<u>12,433,103,000</u>	<u>12,433,103,000</u>

**15.1** The Company has two classes of ordinary shares, namely:

- Class A ordinary shares, which have full voting, dividend and other rights conferred upon ordinary shares under applicable laws.
- Class B ordinary shares, with no voting rights but all other rights conferred upon ordinary shares under applicable laws.

**15.2** Frontier Works Organization (FWO) and its nominated directors hold the entire Class A ordinary shares comprising of 81,831,030 (2023: 81,831,030) and 42,500,000 (2023: 42,500,000) Class B ordinary shares have been issued to Punjab Ring Road Authority.

**15.3** Reconciliation of changes in number of shares is as follows:

Opening balance	124,331,030	124,331,030
Shares issued during the period	-	-
Closing balance	<u>124,331,030</u>	<u>124,331,030</u>

Note 16

**Long Term Financing from Banking Company**

		2024	2023
	Note	Rupees	Rupees
Term finance facility	16.1	8,363,535,508	8,563,535,508
Less: current portion		<u>(863,614,130)</u>	<u>(333,043,478)</u>
		<u>7,499,921,378</u>	<u>8,230,492,030</u>

**16.1** This represents term finance facility obtained by the Company from Habib Bank Limited (HBL) in order to finance the construction of Lahore Ring Road Southern Loop (SL-1 and SL-2). The loan carries markup at six (6) months KIBOR plus 0.35% (2023: 0.85%) per annum. Original term of the loan was ten (10) years with one year grace period and was re-payable in eighteen (18) semi-annual instalments, commencing from September 20, 2018. The finance agreement has been revised on June 08, 2023 due to which term of the loan has been increased to fourteen (14) years with one year grace period and is re-payable in Twenty six (26) semi-annual installments commencing from September 20, 2018. The facility is secured by way of following:

- First charge (hypothecation & assignment) on all present and future assets of the Company (excluding land and building) for Rs. 16,647 million inclusive of 26% margin (including but not limited to all toll collections of the project).
- Assignment of all rights of the Company to HBL under Concession Agreement.
- Lien over project accounts including the debt payment account an amount equal to 1/6th of the upcoming installment deposited in the Daily Progressive Account (DPA) at the beginning of every month during the semi-annual period.
- Lien over Maintenance Reserve Account (MRA) to the extent of Rs. 200 million. MRA to be topped up within 1 year of Commercial Operation Date (COD).
- Equitable mortgage charge over land having market value of at least Rs. 4,000 million to be provided by PRRA. Valuation of said properties is to be conducted by HBL appointed valuer.
- As per second debt restructuring of Company, a corporate guarantee has been issued by the sponsor Frontier Works Organization (FWO) to bank (HBL) to meet any shortfall to the extent of debt payment.

Note 17

**Post Employment Benefit Obligations**

		2024	2023
	Note	Rupees	Rupees
Present value of unfunded gratuity	17.1	<u>-</u>	<u>8,888,904</u>

**17.1** The Company has discontinued its unfunded gratuity scheme during the year. Under that scheme, permanent employees of the Company were entitled for gratuity subject to completion of minimum prescribed period of service. Actuarial valuation of the scheme was carried out by an independent actuary as at December 31, 2023. Following key information was included in that actuarial report:

Note 17, Post Employment Benefit Obligations- Continued

**17.2 Actuarial assumptions**

	Note	2024 Rupees	2023 Rupees
Discount rate for year end obligation - per annum		N/A	16.25%
Discount rate of interest cost in P&L - per annum		16.25%	13.25%
Expected rate of increase in salary level - per annum		N/A	15.25%
Mortality rates (for death in service)		As per SLIC 2001-2005 Mortality table with 1 year setback	
Actuarial valuation method		Projected Unit Credit Method	

**17.3 Movement in liability for staff gratuity**

Opening balance		8,888,904	4,734,792
Charge for the year	17.4	3,028,819	2,986,064
Benefits due but not paid (payables)	20	(8,372,898)	-
Benefits paid		(3,827,154)	(108,312)
Remeasurements charged to other comprehensive income	17.5	282,329	1,276,360
Closing balance		<u>-</u>	<u>8,888,904</u>

**17.4 Charge for the year**

Current service cost		1,485,471	2,365,880
Gain and losses arising on plan settlements		907,694	-
Interest cost		635,654	620,184
		<u>3,028,819</u>	<u>2,986,064</u>

**17.5 Remeasurements charged to other comprehensive income**

Demographic assumptions		-	-
Actuarial losses from the changes in financial assumptions		-	404,412
Experience adjustments		282,329	871,948
		<u>282,329</u>	<u>1,276,360</u>

**17.6 Historical data:**

	2024 Rupees	2023 Rupees	2022 Rupees	2021 Rupees	2020 Rupees
Present value of defined benefit obligations	-	8,888,904	4,734,792	3,261,924	1,816,499
Fair value of plan assets	-	-	-	-	-
Net liability	<u>-</u>	<u>8,888,904</u>	<u>4,734,792</u>	<u>3,261,924</u>	<u>1,816,499</u>

Note 18

**Deferred Markup**

	Note	2024 Rupees	2023 Rupees (Restated)
Opening balance		224,315,912	-
Deferred markup	18.1	-	500,000,000
Gain arising over the discounting of deferred markup		-	(278,813,125)
Unwinding of deferred markup		50,358,922	3,129,037
Markup repaid		-	-
Closing		<u>274,674,834</u>	<u>224,315,912</u>

**18.1** The Company renegotiated terms of long term financing and repayment of related mark up on dated June 08, 2023. Pursuant to that revision in agreement, accrued markup amounting to Rs. 500 million was freed and would be treated as Term Loan. This deferred mark is repayable in 2 equal semi-annual installments of Rs. 250 million each due in March 2027 and September 2027. Considering above, accrued markup was discounted using the KIBOR rate prevailing on the effective date. Effective rate of mark up is 22.45% (2023: 22.45%).

Note 19

**Long Term Loan from Related Party**

	Note	2024 Rupees	2023 Rupees
Long term loan - Frontier Works Organization (Unsecured)	19.1	<u>2,211,773,429</u>	<u>1,921,773,429</u>

**19.1** This represents long-term borrowing from Frontier Works Organization (parent company) carrying markup at 6-month KIBOR plus 0.85% (2023: 0.85%).

Note 20

**Trade and Other Payables**

		<b>2024</b>	<b>2023</b>
	Note	Rupees	Rupees
Retention money payable	20.1	90,190,298	90,697,658
Trade creditors	20.2	51,188,159	67,863,631
Gratuity payable	17.3	8,372,898	-
Accrued liabilities		7,840,336	7,131,717
Employee provident fund payable	20.3	1,948,158	-
Sales tax payable		1,245,742	973,506
Income tax withheld		446,243	972,734
		<u>161,231,834</u>	<u>167,639,246</u>

**20.1** This includes Rs. 88.820 million (2023: Rs. 88.820 million) payable to a related party M/s Frontier Works Organization in respect of construction contract.

**20.2** This includes Rs. 7.12 million (2023: Rs. 7.12 million) payable to a related party M/s Frontier Works Organization.

**20.3** With effect from December 31, 2023, the Company has commenced unrecognised provident fund scheme for all its permanent employees. Same contributions are payable by the Company and employees @ 8% of the basic salary. No investments out of provident fund have been made as required under the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

Note 21

**Accrued Markup**

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees (Restated)
Long term financing - Habib Bank Limited	509,282,660	519,560,257
Long term loan - Frontier Works Organization	901,001,186	441,167,321
	<u>1,410,283,846</u>	<u>960,727,578</u>

Note 22

**Contingencies and Commitments**

**Commitments:**

There are no material commitment of the Company as at the reporting date (2023: Nil).

**Contingencies:**

Guarantees issued by bank on behalf of the Company:

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
Habib Bank Limited	<u>84,700,000</u>	<u>84,700,000</u>

Note 23  
**Revenue**

	2024	2023
Local:		
- Cash revenue	1,636,570,777	1,644,017,461
- M-Tag revenue	893,666,980	710,513,640
	<u>2,530,237,757</u>	<u>2,354,531,101</u>
Less: Sales tax	-	-
Less: Trade discount	-	-
	<u>2,530,237,757</u>	<u>2,354,531,101</u>

**23.1** This represents revenue generated from toll collection activities. All the revenue is recognized at a point in time.

Note 24  
**Operating Expenses**

		2024	2023
	Note	Rupees	Rupees
Depreciation on concession assets	5	1,762,987,376	1,824,868,085
Salaries, wages and benefits		240,257,690	199,230,114
Travelling and conveyance		92,299,527	94,961,545
Utilities		97,193,989	72,459,152
Security services		59,287,803	54,603,569
Consultancy fee		41,113,080	40,360,964
Meals and entertainment		31,995,038	30,547,808
Repairs and maintenance		25,609,452	24,746,346
Insurance		8,220,220	14,399,999
Printing and stationery		14,370,808	12,029,817
Uniforms		-	9,320,040
Miscellaneous expenses		1,257,747	2,792,478
Communication		892,592	933,589
		<u>2,375,485,322</u>	<u>2,381,253,506</u>

Note 25  
**Administrative Expenses**

		2024	2023
	Note	Rupees	Rupees
Salaries, wages and benefits	25.1	36,740,362	26,661,406
Vehicle running and maintenance expenses		7,219,699	7,534,098
Legal and professional charges		2,134,932	4,005,366
Depreciation on operating fixed assets	6	1,786,183	2,042,144
Meals and entertainment		1,362,165	1,445,689
Travelling and conveyance		1,194,459	1,023,442
Miscellaneous expenses		277,793	753,353
Auditors' remuneration	25.2	488,500	400,000
Printing and stationery		749,304	378,959
Utilities		494,562	368,770
Repairs and maintenance		179,168	290,044
Postage and courier		181,522	196,867
Insurance expense		-	149,414
Guarantee charges		-	118,102
Fees and subscription		224,945	91,167
Rent, rates and taxes		38,525	30,970
		<u>53,072,119</u>	<u>45,489,791</u>

**25.1** This includes Rs. 3,742,809 (2023: Rs. 2,986,064) in respect of post employment benefits obligations.

**25.2** The breakup of auditors' remuneration is as follows:

Statutory audit	400,000	400,000
Certification fee	88,500	-
	<u>488,500</u>	<u>400,000</u>

Note 26

**Finance Cost**

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees (Restated)
Mark-up on long term loan	2,366,489,484	1,853,714,792
Unwinding of deferred markup	50,358,922	3,129,037
Finance cost and fee	2,770,000	2,320,000
Bank charges	71,063	64,073
	<u>2,419,689,469</u>	<u>1,859,227,902</u>

Note 27

**Other Income**

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees (Restated)
Profit on savings bank accounts	60,081,554	58,720,202
Gain on discounting of deferred markup	-	278,813,125
	<u>60,081,554</u>	<u>337,533,327</u>

Note 28

**Minimum Tax - Levy**

		<b>2024</b>	<b>2023</b>
	Note	Rupees	Rupees
Change for the year	28.1	<u>31,627,972</u>	<u>29,431,639</u>

**28.1** The Company's taxation is based on a minimum tax and is recognized as a levy under IFRIC 21 at a rate of 1.25% of turnover (2023: 1.25%).

Note 29

**Liabilities arising from Financing Activities**

	Note	<b>As at June 30, 2023</b>	<b>Non-cash changes</b>	<b>Cashflows (Net)</b>	<b>As at June 30, 2024</b>
		Rupees	Rupees	Rupees	Rupees
Long term financing from banking company	16	8,563,535,508	-	(200,000,000)	8,363,535,508
Long term loan from related party	19	1,921,773,429	-	290,000,000	2,211,773,429
Total		<u>10,485,308,937</u>	-	<u>90,000,000</u>	<u>10,575,308,937</u>

	Note	<b>As at June 30, 2022</b>	<b>Non-cash changes</b>	<b>Cashflows (Net)</b>	<b>As at June 30, 2023</b>
		Rupees	Rupees	Rupees	Rupees
Long term financing from banking company	16	9,632,924,390	-	(1,069,388,882)	8,563,535,508
Long term loan from related party	19	1,000,000,000	-	921,773,429	1,921,773,429
Total		<u>10,632,924,390</u>	-	<u>(147,615,453)</u>	<u>10,485,308,937</u>

Note 30

**Transactions and Balances with Related Parties**

Related parties comprise parent company, associated company due to common directorship, directors and key management personnel of the Company. Transactions with related parties are as under:

<b>Transactions during the year</b>			<b>2024</b>	<b>2023</b>
			Rupees	Rupees
<b>Related party</b>	<b>Relationship</b>	<b>Nature of transaction</b>		
Frontier Works Organization (FWO)	Parent	Advance given	4,602,387	-
		Receipt of long term loan	290,000,000	921,773,429
		Revenue accrued	893,666,980	710,513,640
		Receipts from FWO against M Tag	826,841,360	652,419,820
		Mark up on long term loan	459,833,865	293,857,187
<b>Outstanding balance as at the year end</b>				
Frontier Works Organization (FWO)	Parent	Advance to related party	36,525,929	31,923,542
		Trade creditors	(7,123,468)	(7,123,468)
		Retention money	(88,820,817)	(88,820,817)
		Accounts receivable	282,455,520	215,629,900
		Long term loan	(2,211,773,429)	(1,921,773,429)
		Accrued markup against loan	(901,001,186)	(441,167,321)

**30.1** There were no transactions with key management personnel other than those undertaken as per terms of their employment that have been disclosed in Note 32.

**30.2** Following are the related parties with whom the Company has entered into transactions or have arrangements / agreements in place:

Sr. No.	Name	Basis or association	Aggregate % of Shareholding
1	Frontier Works Organization (FWO)	Parent	65.82%

Note 31

**Financial Risk Management**

The Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market 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.

The Company's risk management policies are established to identify and analyze the risks faced by it, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

**31.1 Credit risk**

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from counterparties. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. To manage exposure to credit risk in respect of receivable from counterparty, the management reviews credit worthiness and references regularly.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date was as follows:

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
Accounts receivable	282,455,520	215,629,900
Bank balances	298,183,309	321,697,511
	<u>580,638,829</u>	<u>537,327,411</u>

Note 31, Financial Risk Management - Contd...

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

	Rating		Rating Agency	2024	2023
	Short term	Long term		Rupees	Rupees
Habib Bank Limited	A-1+	AAA	JCR-VIS	<u>298,183,309</u>	<u>321,697,511</u>

After giving consideration to the strong financial standing, the management does not expect any non-performance by the counterparty on its obligations to the Company. Accordingly, the credit risk is minimal.

**31.2 Liquidity risk**

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

Contractual maturities of financial liabilities as at June 30, 2024:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Long term financing	8,363,535,508	15,292,221,060	2,614,448,722	2,773,062,472	9,904,709,866	-
Accrued markup	1,410,283,846	1,410,283,846	1,410,283,846	-	-	-
Deferred markup	274,674,834	500,000,000	-	-	500,000,000	-
Trade and other payables	159,539,849	159,539,849	159,539,849	-	-	-
Long term loan from Frontier Organization Works	<u>2,211,773,429</u>	<u>2,211,773,429</u>	-	-	-	<u>2,211,773,429</u>
	<u>12,419,807,466</u>	<u>19,573,818,184</u>	<u>4,184,272,417</u>	<u>2,773,062,472</u>	<u>10,404,709,866</u>	<u>2,211,773,429</u>

Contractual maturities of financial liabilities as at June 30, 2023:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Long term financing	8,563,535,508	14,117,365,784	3,291,820,314	3,022,266,046	7,803,279,424	-
Accrued markup	1,460,727,578	1,460,727,578	960,727,578	-	-	-
Deferred markup	224,315,912	500,000,000	-	-	500,000,000	-
Trade and other payables	165,693,006	165,693,006	165,693,006	-	-	-
Long term loan from Frontier Works Organization	<u>1,921,773,429</u>	<u>1,921,773,429</u>	-	-	-	<u>1,921,773,429</u>
	<u>12,336,045,433</u>	<u>18,165,559,797</u>	<u>4,418,240,898</u>	<u>3,022,266,046</u>	<u>8,303,279,424</u>	<u>1,921,773,429</u>

**31.3 Market risk**

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

**(a) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk.

**(b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from long-term borrowings and loan from related party. These are benchmarked to variable rates which expose the Company to cash flow interest rate risk.

As at the reporting date the interest rate profile of the Company's interest bearing financial instruments was as under:

Note 31, Financial Risk Management - Contd...

	2024	2023
	Rupees	Rupees
<b>Floating rate instruments</b>		
<b>Financial assets as at June 30,</b>		
Bank balances - savings accounts	298,183,309	321,697,511
<b>Financial liabilities as at June 30,</b>		
Long term financing from banking company	8,363,535,508	8,563,535,508
Long term loan from related Party	2,211,773,429	1,921,773,429
<b>Net Exposure</b>	<u>10,277,125,628</u>	<u>10,163,611,426</u>

**Cash flow sensitivity analysis for variable rate instruments**

As at June 30, 2024, if interest rates had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 102.77 million (2023: Rs. 101.64 million), mainly as a result of interest exposure on variable rate instruments.

**(c) Price Risk**

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to this risk.

**31.4 Financial instruments by categories**

**Financial assets as at June 30, 2024**

	At fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
	Rupees	Rupees	Rupees	Rupees
Accounts receivable	-	282,455,520	-	282,455,520
Cash and bank balances	-	307,438,662	-	307,438,662
	-	<u>589,894,182</u>	-	<u>589,894,182</u>

**Financial assets as at June 30, 2023**

	At fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
	Rupees	Rupees	Rupees	Rupees
Accounts receivable	-	215,629,900	-	215,629,900
Cash and bank balances	-	336,101,872	-	336,101,872
	-	<u>551,731,772</u>	-	<u>551,731,772</u>

**Financial liabilities as at June 30,**

	2024	2023
	Rupees	Rupees
<b>At amortized cost</b>		
Long term financing	8,363,535,508	8,563,535,508
Long term loan from related party	2,211,773,429	1,921,773,429
Accrued markup	1,410,283,846	1,460,727,578
Deferred markup	274,674,834	224,315,912
Trade and other payables	159,539,849	165,693,006
	<u>12,419,807,466</u>	<u>12,336,045,433</u>

Note 31, Financial Risk Management - Contd...

**31.5 Fair value of financial instruments**

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates. As at June 30, 2024 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

The fair values of all financial assets and liabilities are not considered to be significantly different from their carrying values. The Company classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

- Level 1 Quoted market prices
- Level 2 Valuation techniques (market observable)
- Level 3 Valuation techniques (non market observable)

There is no financial instrument which is remeasured at fair value.

Note 32

**Remuneration of Chief Executive Officer, Directors and Executives**

The aggregate amounts charged in these financial statements for remuneration, allowances including all benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	Chief Executive Officer		Directors		Executive	
	2024	2023	2024	2023	2024	2023
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration and bonus	-	-	-	-	17,033,774	8,290,101
Leave encashment	-	-	-	-	103,500	282,500
Meeting fee (Independent Director)	-	-	170,000	30,000	-	-
	-	-	170,000	30,000	17,137,274	8,572,601
Number of persons	1	1	3	3	5	2

**32.1** An Executive is defined as an employee, other than the Chief Executive Officer and Directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

**32.2** Two executives have been provided with the Company maintained cars.

**32.3** No remuneration or meeting fee has been paid to any director and Chief Executive Officer of the Company except meeting fee paid to Independent Director.

Note 33

**Capital Management**

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus assets without affecting the optimal operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with the industry norms, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital employed is calculated as equity, as shown in the statement of financial position, plus net debt.

As at the reporting date, the gearing ratio of the Company was worked out as under:

Note 33, Capital Management - Contd...

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees (Restated)
Total borrowings	10,849,983,771	10,709,624,849
Cash and bank balances	<u>(307,438,662)</u>	<u>(336,101,872)</u>
Net debt	10,542,545,109	10,373,522,977
Equity	<u>(531,620,625)</u>	<u>1,758,217,275</u>
Total capital employed	<u>10,010,924,484</u>	<u>12,131,740,252</u>
Gearing ratio	<u>108.38%</u>	<u>88.28%</u>

Note 34

**Number of Employees**

	<b>2024</b>	<b>2023</b>
	Numbers	Numbers
Number of contractual employees as at June 30,	<u>22</u>	<u>27</u>
Average number of contractual employees during the year	<u>25</u>	<u>26</u>

Note 35

**Authorization of Financial Statements**

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on \_\_\_\_\_.

Note 36

**General**

Corresponding figures have been re-arranged / re-classified, wherever necessary for better presentation of financial statements. No re-arrangements / reclassifications have been made in these financial statements except for as disclosed in note 3.2 and 5.

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**