

**Sialkot Kharian Infrastructure Management  
(Private) Limited**

FINANCIAL STATEMENTS FOR THE YEAR  
ENDED JUNE 30, 2024

**INDEPENDENT AUDITORS' REPORT**

To the members of Sialkot Kharian Infrastructure Management (Private) Limited  
Report on the Audit of the Financial Statements

**Opinion**

We have audited the annexed financial statements of **Sialkot Kharian Infrastructure Management (Private) Limited ("the Company")**, which comprise the statement of financial position as at June 30, 2024, 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 material accounting policy information 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 purpose 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 statement of cashflows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information as 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 company's affairs as at June 30, 2024 and of the profit and other comprehensive income, the changes in equity and its cashflows for the year then ended.

**Basis of Opinion**

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

**Information Other than the Financial Statements and Auditors' Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and 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.

## **Responsibilities of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of the 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. The Board of directors is responsible for overseeing the company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

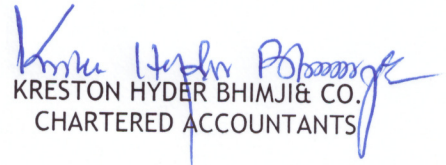
**Report on Other Legal and Regulatory Requirements:**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of 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 auditors' report is Muhammad Ali, FCA.

ISLAMABAD: October 30, 2024  
UDIN: AR202410174BN3Z8EHPL



KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS

**SIALKOT KHARIAN INFRASTRUCTURE MANAGEMENT (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024**

	Note	2024 Rupees	2023 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	5	1,384,787	917,357
Concession work in progress	6	2,762,055,689	815,507,242
Advance against capital work in progress	7	4,694,295,310	5,378,278,479
Deferred tax asset	8	5,903,471	5,936,867
		7,463,639,257	6,200,639,945
<b>CURRENT ASSETS</b>			
Loans, advances and prepayments	9	5,000,145	700,000
Income tax refundable from the government	10	33,566,401	26,553,819
Cash and bank balances	11	708,112,470	1,406,026,792
		746,679,016	1,433,280,611
<b>TOTAL ASSETS</b>		<b>8,210,318,273</b>	<b>7,633,920,556</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserve</b>			
Issued, subscribed and paid up capital	12	100,000	100,000
Share deposit money	13	7,955,654,035	7,498,654,035
Accumulated profit		27,839,564	10,327,738
		7,983,593,599	7,509,081,773
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	226,724,674	124,838,783
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,210,318,273</b>	<b>7,633,920,556</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

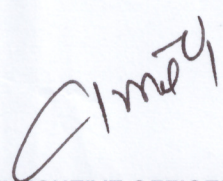
  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

**SIALKOT KHARIAN INFRASTRUCTURE MANAGEMENT (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Note</u>	<u>2024 Rupees</u>	<u>2023 Rupees</u>
Revenue		-	-
Direct cost		-	-
<b>Gross profit/(loss)</b>		-	-
Administrative and general expenses	16	(68,556,471)	(80,787,314)
Finance cost	17	-	(129,927,106)
Other income	18	93,046,013	246,139,332
<b>Profit before taxation</b>		<b>24,489,542</b>	35,424,912
Taxation	19	(6,977,716)	(4,419,254)
<b>Profit after taxation</b>		<b>17,511,826</b>	31,005,658

The annexed notes from 1 to 27 form an integral part of these financial statements.

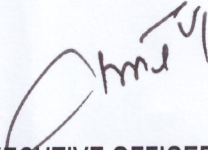
  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

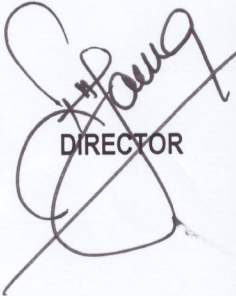
**SIALKOT KHARIAN INFRASTRUCTURE MANAGEMENT (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2024</u> <u>Rupees</u>	<u>2023</u> <u>Rupees</u>
PROFIT AFTER TAXATION	17,511,826	31,005,658
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>17,511,826</u>	<u>31,005,658</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER

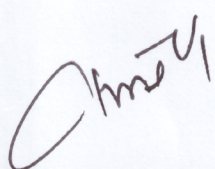


DIRECTOR

**SIALKOT KHARIAN INFRASTRUCTURE MANAGEMENT (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2024**

Particulars	Share Capital	Share Deposit Money	Accumulated Profit/(loss)	Total
	----- Rupees -----			
Balance as at July 01, 2022	100,000	4,000,000,000	(20,677,920)	3,979,422,080
Share deposit money received during the year	-	3,498,654,035	-	3,498,654,035
Other comprehensive income for the year	-	-	31,005,658	31,005,658
	-	3,498,654,035	31,005,658	3,529,659,693
Balance as at June 30, 2023	100,000	7,498,654,035	10,327,738	7,509,081,773
Share deposit money received during the year	-	457,000,000	-	457,000,000
Other comprehensive Income for the year	-	-	17,511,826	17,511,826
	-	457,000,000	17,511,826	474,511,826
Balance as at June 30, 2024	100,000	7,955,654,035	27,839,564	7,983,593,599

The annexed notes from 1 to 27 form an integral part of these financial statements.

  
CHIEF EXECUTIVE OFFICER

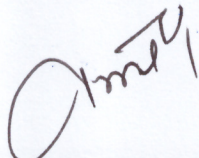


  
DIRECTOR

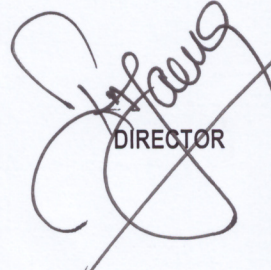
**SIALKOT KHARIAN INFRASTRUCTURE MANAGEMENT (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Note</u>	<u>2024</u> <u>Rupees</u>	<u>2023</u> <u>Rupees</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		24,489,542	35,424,912
<b>Adjustments for non cash and other items:</b>			
Depreciation expense	16	217,327	39,943
Credit balances written back		-	(73,066)
Finance cost	17	-	129,927,106
		217,327	129,893,983
<b>Operating profit before working capital changes</b>		<b>24,706,869</b>	<b>165,318,895</b>
<b>Working capital changes</b>			
(Increase) / decrease in current assets			
Loans, advances and prepayments	9	(4,300,145)	(700,000)
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables	14	101,885,891	38,203,929
		97,585,746	37,503,929
<b>Cash generated from operations</b>		<b>122,292,615</b>	<b>202,822,824</b>
Finance cost paid	17	-	(129,927,106)
Income tax paid	10	(13,956,902)	(36,909,940)
		(13,956,902)	(166,837,046)
<b>Net cash generated from operating activities</b>		<b>108,335,713</b>	<b>35,985,778</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Property and equipment acquired	5	(684,757)	(957,300)
Capital work in progress	6	(1,946,548,447)	(749,477,242)
Advance against capital work in progress	7	683,983,169	(5,378,278,479)
<b>Net cash used in investing activities</b>		<b>(1,263,250,035)</b>	<b>(6,128,713,021)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share deposit money received	13	457,000,000	3,498,654,035
<b>Net cash generated from financing activities</b>		<b>457,000,000</b>	<b>3,498,654,035</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(697,914,322)</b>	<b>(2,594,073,208)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>1,406,026,792</b>	<b>4,000,100,000</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	11	<b>708,112,470</b>	<b>1,406,026,792</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

  
CHIEF EXECUTIVE OFFICER



  
DIRECTOR

**SIALKOT KHARIAN INFRASTRUCTURE MANAGEMENT (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024**

**1 CORPORATE AND GENERAL INFORMATION**

**1.1 Legal status and operations**

Sialkot Kharian Infrastructure Management (Private) Limited ("the Company") was incorporated in Pakistan on September 02, 2021 as a Private Limited Company under the Companies Act, 2017. The Company is a Public Sector Company being a subsidiary of Frontier Works Organization (FWO), working under Ministry of Defense. The Company is domiciled in Pakistan and its registered office is situated at 509, Kashmir Road, R.A Bazar, Rawalpindi. The Company is principally formed for the purpose of construction, operation, maintenance and collection of toll of approximately 69 KM long, access controlled motorway from the city of Sialkot (Sambrial) till the city of Kharian for the concession period of 25 years on Build-Operate-Transfer (BOT) basis, pursuant to a concession agreement entered into between the National Highway Authority (NHA) and the Company dated September 13, 2021. After the expiry of concession period, concession asset will be transferred to the NHA.

As per concession agreement dated on September 13, 2021, the construction of the project would have been completed within two years but the project has been delayed due to realignment in the original planned pathway. National Highway Authority (NHA) was responsible for land clearance and ancillary works and to submit the plan with Indus River System Authority (IRSA) - major stakeholder. Consequently, No Objection Certificate (NOC) was not provided by IRSA for the commencement of work. According to IRSA and as per existing plans, the bridge over Chenab river would affect Head Marala and would ultimately affect the related irrigation system and may cause the risk of flood. The Irrigation department proposed alternate route from west of Sialkot Airport leading towards Shehbazpur bridge to Jalalpur Jattan.

**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 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 on accrual basis of accounting except for cashflow information reported in the statement of cash flows.

**2.3 Presentation and functional currency**

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

**2.4 Use of estimates and judgments**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of forming judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities. Significant areas requiring the use of management estimates in these financial statements are involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

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	Note
Useful lives, residual values and depreciation method of property, plant and equipment	4.1
Impairment of non-financial assets	4.3
Estimation of provisions	4.4
Taxation	4.8
Impairment of financial assets	4.11
Contingencies and Commitments	4.12

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

#### 3.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

Certain amendments and interpretations to IFRS are effective for accounting periods beginning on July 01, 2024 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

	Effective for the period beginning on or after
IAS-1 The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies.	January 01, 2023
IAS-8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment regarding the definition of accounting estimates).	January 01, 2023
IAS-12 Income Taxes (Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes).	January 01, 2023

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

There are certain standards, amendments and interpretations to the accounting and reporting standards which are mandatory for companies but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

	Effective for the period beginning on or after
IFRS-4 Insurance Contracts - Amendments regarding the expiry date of the deferral approach.	January 01, 2023
IFRS-7 Amendments to IFRS - 7 Financial Instruments, Disclosures - Supplier financial arrangements.	January 01, 2024
IFRS-7 Amendments to IFRS-7 Financial Instruments Disclosures - Amendments regarding classification and measurement of Financial Instrument.	January 01, 2026
IFRS-9 Amendments to IFRS-9 Financial Instrument - Amendment regarding the classification and measurement of Financial Instrument.	January 01, 2026
IFRS - 17 Insurance Contracts	January 01, 2023

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IAS-1 Presentation of Financial Statements & classification of liabilities as current and non - current.

January 1, 2024

IAS-7 Ammendments to IAS 7 Statement of cashflows - Supplier finance arrangements.

January 1, 2024

### 3.3 New Standards issued by IASB but not yet been notified / adopted by SECP

Other than aforesaid Standards, Interpretations and Amendments, International Accounting Standard Board (IASB) has also issued the following Standards and Interpretations, which have not been notified locally or declared exempt by the SECP as at June 30, 2024.

IFRS-1 First time adoption of International Financial Reporting Standard.

IFRIC-12 Service Concession Arrangement

IFRS-18 Presentation and Disclosures in Financial Statements.

## 4 MATERIAL ACCOUNTING POLICY INFORMATION

### 4.1 Property and equipments

#### Owned

#### Measurement

Property and equipments are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost in relation to property and equipment comprises acquisition and other directly attributable costs.

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

#### Depreciation

Depreciation on additions is charged to statement of profit or loss by applying the reducing balance method at the rates specified in note 5 to write off the depreciable amount of assets over their estimated useful lives. Full month depreciation is charged on additions if the asset is available for use in the first half of that month and no depreciation is charged for the month if deletion is made in the first half of that month.

#### Disposal

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount of the relevant assets. These are included in profit or loss.

Gain / loss on disposal of property and equipment is recognized in the statement of profit or loss during the period in which the asset is disposed of. Any gain or loss arising on derecognition of the asset is charged to "other income / loss" in the statement of profit or loss in the year the asset is derecognized. In case of the sale or retirement of a revalued property, the attributable revaluation surplus remaining in the surplus on revaluation is transferred directly to the accumulated profit /( loss).

#### Judgment and estimates

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

The assets' residual values and estimated useful lives are reviewed for possible impairment at least annually to adjust the resultant significant impact on depreciation, if any. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment.

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#### 4.2 Concession work in progress

Concession work in progress is stated at cost less accumulated impairment losses, if any. Cost includes construction cost incurred on Sialkot Kharian Motorway Project.

##### **Application of waiver of requirements of IFRIC 12 "Service Concession Arrangement"**

In accordance with S.R.O 24(1)/2012, dated January 16, 2012, the company has availed exemption granted by Securities and Exchange Commission of Pakistan (SECP) from requirements of IFRIC 12 while preparing these financial statements.

IFRIC 12 applies to public-to-private 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 and the grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the engagement

Under the Company's Concession Agreement, IFRIC 12 would have required the company not to recognize any infrastructure as part of its property and equipment. The company would have to account for its cost on construction and modernization of Sialkot Kharian Motorway, disclosed in the Note. 6 to the financial statements, as expenses in the statement of profit or loss by reference to the stage of completion. The company would also have been required to recognize revenue for these services at its fair value, normally calculated on the basis of cost and generally applicable margin on similar services, against an intangible asset, representing a right to charge toll from users of Sialkot Kharian Motorway. Borrowings attributable to arrangement would also have been capitalized as part of intangible asset.

The Company, however has applied the waiver granted by SECP and is carrying the incurred cost of construction as concession work in progress which will be transferred to concession assets upon completion of Motorway. The Company will charge depreciation from the date of such transfer.

#### 4.3 Impairment of non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

#### 4.4 Provisions

Provisions are recognize when the Company has a present legal or constructive obligation as a result of past events 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.

#### 4.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances.

#### 4.6 Staff retirement benefits - Provident Fund

The Company's employees are entitled to a provident fund scheme which is operated by its parent company. Contributions to the fund are made monthly by the company and the employees at the rate of 8% of the basic salary. The Company's contribution is recognised as an expense in the statement of profit or loss.

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#### **4.7 Trade and other payables**

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

#### **4.8 Taxation**

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

##### **Current**

The charge for current taxation 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, charge for the period has been based on minimum tax @ 1.25% on turnover of the Company.

##### **Deferred**

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amount of assets, liabilities and their tax bases.

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 profits will be available against which deductible temporary differences can be utilized.

Carrying amount of the deferred tax assets is reviewed at each reporting date and is recognized only to the extent that it is probable that future taxable profits will be available against which assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

##### **Judgments and estimates**

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

#### **4.9 Equity and reserves**

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits, if any. Accumulated profits include all current and prior period profit / (loss).

#### **4.10 Related party transactions**

Transaction in relation to revenue, purchases and services with related parties are made at arm's length prices determined in accordance with the Company's policy.

#### **4.11 Financial Instruments**

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

##### **Financial assets**

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

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## **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 cost plus transaction costs that are directly attributable to its acquisition except for trade receivables. Trade receivables are initially measured at transaction price.

### **Subsequent measurement**

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

### **Derecognition**

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

## **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.

### **b) Subsequent measurement**

The Company measures its financial liabilities subsequently at amortized cost using the effective interest rate (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 the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. Difference between carrying amount and consideration paid is recognized in the statement of profit or loss when the liabilities are derecognized.

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

A financial assets and 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.

## **4.12 Contingencies and Commitments**

These are not accounted for in the financial statements unless these are actual liabilities and are only disclosed when:

- a) 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; or
- b) 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.

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events not wholly within the control of the Company. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the financial position date.

## **4.13 Other income - Income from bank deposits / investments**

Markup/ return on bank deposits and investments is recognized using the effective interest rate method and is included in the statement of profit or loss.

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5 PROPERTY AND EQUIPMENT

PARTICULARS	Note	COST / REVALUED AMOUNT			Rate	ACCUMULATED DEPRECIATION				Written Down Value as at June 30, 2024
		As at July 01, 2023	Additions	Disposal		As at July 01, 2023	Charge for the year	Disposal	As at June 30, 2024	
<u>Owned</u>										
Computer equipment		186,000	319,857	-	30%	1,733	98,676	-	100,409	405,448
Office equipment		52,000	21,000	-	10%	9,300	4,970	-	14,270	58,730
Furniture and fittings		574,300	343,900	-	10%	21,660	86,131	-	107,791	810,409
Vehicles		145,000	-	-	20%	7,250	27,550	-	34,800	110,200
<b>Rupees</b>		<b>957,300</b>	<b>684,757</b>	<b>-</b>		<b>39,943</b>	<b>217,327</b>	<b>-</b>	<b>257,270</b>	<b>1,384,787</b>

PARTICULARS	Note	COST / REVALUED AMOUNT			Rate	ACCUMULATED DEPRECIATION				Written Down Value as at June 30, 2023
		As at July 01, 2022	Additions	Disposal		As at July 01, 2022	Charge for the year	Disposal	As at June 30, 2023	
<u>Owned</u>										
Computer equipment		-	186,000	-	30%	-	1,733	-	1,733	184,267
Office equipment		-	52,000	-	10%	-	9,300	-	9,300	42,700
Furniture and fittings		-	574,300	-	10%	-	21,660	-	21,660	552,640
Vehicles		-	145,000	-	20%	-	7,250	-	7,250	137,750
<b>Rupees</b>		<b>-</b>	<b>957,300</b>	<b>-</b>		<b>-</b>	<b>39,943</b>	<b>-</b>	<b>39,943</b>	<b>917,357</b>

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	<u>Note</u>	<u>2024</u> <u>Rupees</u>	<u>2023</u> <u>Rupees</u>
<b>6 CONCESSION WORK IN PROGRESS</b>			
Concession work in progress	6.1	<u>2,762,055,689</u>	<u>815,507,242</u>
<b>6.1 Break up of concession work-in-progress</b>			
Balance as on July 01,		815,507,242	66,030,000
Additions during the year:			
Earth work and allied activity		889,125,000	192,178,294
Major structure		446,258,206	16,044,422
Minor structure		425,457,015	132,046,729
Design and supervision consultancy - EPC		28,125,000	393,750,000
Detailed design and quality control service - Non EPC		-	14,609,791
Topographic survey and geotechnical / soil investigation report		-	848,006
Insurance and others - Escalation		157,583,226	-
		<u>1,946,548,447</u>	<u>749,477,242</u>
Balance as on June 30,		<u>2,762,055,689</u>	<u>815,507,242</u>
<b>7 ADVANCE AGAINST CONCESSION WORK IN PROGRESS</b>			
To contractors for :			
Secured advance		-	294,673,479
Mobilization advance	7.1	<u>4,694,295,310</u>	<u>5,083,605,000</u>
		<u>4,694,295,310</u>	<u>5,378,278,479</u>
7.1 Mobilization advance was extended to FWO as per terms of Engineering Procurement and Construction (EPC) contract between FWO and the Company for execution of contract work and will be adjusted @ 20% of workdone during the year.			
7.2 Balance as on July 01		5,083,605,000	-
Increase during the year as under:		-	5,083,605,000
Adjustment during the year			-
IPC-03		(162,300,014)	-
IPC-04		(227,009,676)	-
		<u>(389,309,690)</u>	
Balance as on June 30,		<u>4,694,295,310</u>	<u>5,083,605,000</u>
<b>8 DEFERRED TAXATION</b>			
Deferred income tax liabilities in respect of taxable temporary differences:			
Accelerated tax depreciation and allowance of assets		93,126	59,730
Deferred income tax assets in respect of deductible temporary differences:			
Unused tax losses		(5,996,597)	(5,996,597)
<b>Net deferred income tax (asset)/liability as at June 30,</b>		<u>(5,903,471)</u>	<u>(5,936,867)</u>
<b>Deferred income tax recognized in statement of profit or loss</b>			
Net deferred income tax (asset)/liability as at June 30,		(5,903,471)	(5,936,867)
<b>Net deferred tax expense/(income) for the year recognized in statement of profit or loss</b>	19	<u>33,396</u>	<u>(5,936,867)</u>
<b>9 LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Loan to employees		518,653	-
Prepaid rent		673,750	700,000
Other receivables	9.1	<u>3,807,742</u>	<u>-</u>
		<u>5,000,145</u>	<u>700,000</u>
9.1 The Company has acquired a 1300CC car for its employee and paid an amount of Rs. 3,807,742 to Emasco (Pvt) Limited, an associated company. Title of vehicle is yet to be transferred in the name of the company.			

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	Note	2024 Rupees	2023 Rupees
<b>10 INCOME TAX REFUNDABLE FROM THE GOVERNMENT</b>			
Balance as on July 01,		26,553,819	-
Income tax withheld on bank profits		13,956,902	36,909,940
Provision for the year	19	(6,944,320)	(10,356,121)
Balance as on June 30,		<u>33,566,401</u>	<u>26,553,819</u>
<b>11 CASH AND BANK BALANCES</b>			
Cash in hand		452,408	549,628
Cash at bank - saving accounts	11.1	707,660,062	1,405,477,164
		<u>708,112,470</u>	<u>1,406,026,792</u>
11.1 It carries markup at the rate ranging between 7% to 10% per annum ( 2023: 9% to 10% per annum)			
<b>12 SHARE CAPITAL</b>			
<b>Authorized capital</b>			
Balance as on July 01,		13,330,616,200	100,000
Addition during the year:			
- Frontier Works Organisation (93,305,162 shares of class A of Rs.100 each)		-	9,330,516,200
- National Highway Authority (40,000,000 shares of class B of Rs.100 each)		-	4,000,000,000
		-	13,330,516,200
Balance as on June 30, (133,306,162 shares of Rs. 100 each)		<u>13,330,616,200</u>	<u>13,330,616,200</u>
Vide clause 10.1.3 of Shareholder's Agreement, the company has ordinary shares of Class A and Class B. Class A shares are issued or to be issued to shareholders of the Company and Class B shares to NHA without entitlement of dividend.			
<b>Issued, subscribed and paid up share capital</b>			
		2024	2023
		<u>Number of Shares</u>	
		1,000	1,000
Ordinary shares of Rs. 100 each, fully paid in cash	12.1	<u>100,000</u>	<u>100,000</u>
12.1 The shareholders are entitled to cast vote proportionate to paid up value of shares carrying voting rights and have implied rights to appoint any person on the Board of Directors of the Company. All shares rank equally with regard to the Company's residual assets.			
<b>13 SHARE DEPOSIT MONEY</b>			
Balance as on July 01,		7,498,654,035	4,000,000,000
Receipts during the year		457,000,000	3,498,654,035
Balance as on June 30,	13.1	<u>7,955,654,035</u>	<u>7,498,654,035</u>
13.1 This represents funds received from FWO and NHA for issuance of shares as per Concession Agreement. The Company intends to issue class A shares to FWO and class B shares to NHA as per funds received from them. Funds received from these Companies are as under:			
-NHA		4,000,000,000	4,000,000,000
-FWO		3,955,654,035	3,498,654,035
		<u>7,955,654,035</u>	<u>7,498,654,035</u>
<b>14 TRADE AND OTHER PAYABLES</b>			
Payable to FWO - Related party		84,943,194	85,025,808
Retention money payable	14.1	134,028,394	36,700,972
Withholding tax payable		2,067,764	1,578,186
Provident fund payable		2,261,980	854,192
Other payables		3,423,342	679,625
		<u>226,724,674</u>	<u>124,838,783</u>

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14.1 As per agreement between SKIM (Pvt) Limited and Frontier Works Organisation (FWO), the retention money shall be deducted @ 5% of the contract price from 2nd interim payment and onwards. Retention money will be paid by Employer SKIM (Pvt) Limited to the Contractor (FWO) with a mark up of KIBOR + 0.75% on the amount of retention money. First half of retention money along with any return on investment and the accrued retention money mark up shall be paid to the EPC contractor, when the taking over certificate has been issued for the works and the works have passed all specified testing. Outstanding balance of retention money along with any return on investment and the accrued retention money mark up shall be paid to the EPC contractor after the expiry of Defect Notification period.

## 15 CONTINGENCIES AND COMMITMENTS

### Contingencies:

There are no material contingencies outstanding at the reporting date. (2023: Nil)

### Commitments:

The Company has the following commitments at reporting dates:

Commitment in respect of planning, construction and operation of Sialkot Kharian Motorway amounting to Rs. 27.32 billion (2023: Rs. 27.32 billion).

	Note	2024 Rupees	2023 Rupees
<b>16 ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits		22,240,579	13,851,333
Travelling cost		2,055,867	700,000
Entertainment expenses		72,673	101,827
Repair and maintenance		112,000	-
Telephone expense		36,010	-
Staff Welfare Financial Assistance		150,000	-
Utilities		182,016	2,142
Legal and professional	16.1	34,711,322	61,075,710
Office rent		2,336,250	1,400,000
Rates and taxes		5,531,423	2,803,900
Office supplies		312,504	263,459
Auditors' remuneration	16.2	598,500	549,000
Depreciation	5	217,327	39,943
		<u>68,556,471</u>	<u>80,787,314</u>
<b>16.1 Legal and professional</b>			
Consultancy fee	(a)	33,948,211	11,403,247
SECP fee		2,025	48,747,980
Independent auditor verification charges		726,086	924,483
Audit Oversight Board fee		35,000	-
		<u>34,711,322</u>	<u>61,075,710</u>
(a) This mainly represents amount charged by Associated Consultancy Center (ACC) to the company as per the agreement for provision of consultancy services with respect to the project for construction of SKIM agreed in the Clause 5.7.1 of the PPP agreement.			
<b>16.2 Auditors' remuneration</b>			
Audit fee exclusive of sales tax		510,000	460,000
Sales tax on services		76,500	69,000
Out of pocket expense		12,000	20,000
		<u>598,500</u>	<u>549,000</u>
<b>17 FINANCE COST</b>			
Bank charges		-	7,106
Bank arrangement fee		-	112,000,000
Federal excise duty on bank arrangement fee		-	17,920,000
		<u>-</u>	<u>129,927,106</u>
<b>18 OTHER INCOME</b>			
Return on bank deposits		93,046,013	246,066,266
Credit balances written back		-	73,066
		<u>93,046,013</u>	<u>246,139,332</u>

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	Note	2024 Rupees	2023 Rupees
<b>19 TAXATION</b>			
Current:			
For the year		7,068,571	10,356,121
Prior year adjustment		(124,251)	-
		6,944,320	10,356,121
Deferred:			
For the year	8	33,396	(5,936,867)
		6,977,716	4,419,254

**20 REMUNEARTION OF CHIEF EXECUTIVE AND DIRECTORS**

No honorarium or remuneration has been paid to Directors during the year. While Chief Executive Officer is being paid by parent company (FWO).

	Chief Executive		Directors		Executives	
	2024	2023	2024	2023	2024	2023
Managerial remuneration	-	-	-	-	3,802,941	5,415,417
No. of persons	1	1	4	4	2	2

**21 RELATED PARTY DISCLOSURE**

Frontier Works Organisation (FWO) holds 99.7% shares of the Company. FWO has power to control the Company therefore it is the Parent Company. All the subsidiaries and associates of FWO are the related parties of the Company. Other related parties include NHA, directors, minor shareholders, key management personnel and entities over which directors are able to exercise significant influence.

Following are the associated companies and related parties with whom the Company had entered in to transactions during the year.

Associated Company	Basis of Relationship	Number of shares held in the Company
Frontier Works Organisation	Parent Company	997
Emasco (Pvt) Limited	Associated Company	0
Muhammad Jamal Maroof	CEO/ Director	1
Abdul Sami	Director	1
Rahimuddin Ahmad Farooqi	Director	1

**RELATED PARTY TRANSACTIONS:**

Details of transactions with related parties and balances with them are as follows:

Name of the party	Relationship	Nature of transaction	Note	2024 ..... Rupees .....	2023
Frontier Works Organization (FWO)	Parent Company	Pre-commencement expenses incurred by FWO on behalf of SKIM.		-	2,500,000
Frontier Works Organization (FWO)	Parent Company	Received from FWO for payment of salaries of SKIM		-	2,383,514
Frontier Works Organization (FWO)	Parent Company	Retention money payable	14	134,028,394	36,700,972
Frontier Works Organization (FWO)	Parent Company	Payable for IPCs	14	84,943,194	85,025,808
Frontier Works Organization (FWO)	Parent Company	Equity Injection	13	457,000,000	3,498,654,035
Frontier Works Organization (FWO)	Parent Company	Mobilization advance	7	4,694,295,310	5,083,605,000
EMASCO (Pvt) limited	Associated Company /Subsisiary of FWO	Vehicle acquired on rent		1,200,000	700,000

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## 22 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 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

Risk management is carried out by the management of the Company. The management provides principles and guidelines for overall risk management, as well as policies covering specific areas.

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 react to the changes in market conditions and the Company's activities.

### 22.1 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial deficit for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks.

	Note	2024 Rupees	2023 Rupees
Bank balances		707,660,062	1,405,477,164

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 Short term	Long term	Rating Agency	2024 Rupees	2023 Rupees
Faysal Bank Limited	A1+	AA	PACRA	707,660,062	1,405,477,164

### 22.2 Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The management monitors the forecasts of the Company's cash and cash equivalent on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Company. The Company holds Rs. 708 million in its bank accounts as on the reporting date. The table below analyses the Company's contractual liabilities into relevant maturity grouping based on the remaining period as at the reporting date to the contractual maturity date.

Trade and other payables

	Carrying Amount	Within 1 year	1 -5 years	Total
	-----Rupees-----			
Year 2024	222,394,930	222,394,930	-	222,394,930
Year 2023	122,406,405	122,406,405	-	122,406,405

### 22.3 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 the 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 is exposed to interest rate risk to the extent of deposits with banks as reported below:

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	Note	2024 Rupees	2023 Rupees
<b>Financial assets</b>			
Bank balances - saving accounts (local currency)	11	707,660,062	1,405,477,164
<b>Cash flow sensitivity analysis for fixed rate instruments</b>			

A change of 100 basis points in interest rates at the reporting date would have increased profits for the year by Rs. 17.31 million.

**(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 factor specific to the individual financial instrument or its issuer, or factor affecting all similar financial instrument traded in the market. The Company is not exposed to commodity and equity price risk.

**(d) 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 value 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 (not market observable)

The Company is not exposed to fair value risk.

**22.4 Financial instruments by categories**

June 30, 2024

Description	Interest / mark up bearing			Non interest / mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	
	----- Rupees -----						
<b>FINANCIAL ASSETS-at amortized cost</b>							
Loan to employees	-	-	-	518,653	-	518,653	518,653
Cash and bank balances	707,660,062	-	707,660,062	452,408	-	452,408	708,112,470
	707,660,062	-	707,660,062	971,061	-	971,061	708,631,123
<b>FINANCIAL LIABILITIES - at amortized cost</b>							
Payable to FWO	-	-	-	84,943,194	-	84,943,194	84,943,194
Retention money payable	-	134,028,394	134,028,394	-	-	-	134,028,394
Other payables	-	-	-	3,423,342	-	3,423,342	3,423,342
	-	134,028,394	134,028,394	88,366,536	-	88,366,536	222,394,930

June 30, 2023

Description	Interest / mark up bearing			Non interest / mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	
	----- Rupees -----						
<b>FINANCIAL ASSETS-at amortized cost</b>							
Cash and bank balances	1,405,477,164	-	1,405,477,164	549,628	-	549,628	1,406,026,792
<b>FINANCIAL LIABILITIES - at amortized cost</b>							
Payable to FWO	-	-	-	85,025,808	-	85,025,808	85,025,808
Retention money payable	-	36,700,972	36,700,972	-	-	-	36,700,972
Other payables	-	-	-	679,625	-	679,625	679,625
	-	36,700,972	36,700,972	85,705,433	-	85,705,433	122,406,405

- (a) There are no other categories of financial assets and financial liabilities at the reporting date.

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## 23 CAPITAL RISK MANAGEMENT

While managing capital, the objectives of the Company are to ensure that it continues to meet the Going Concern assumption, enables shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth via maintaining optimal capital structure and keeping its finance cost low.

In line with industry norms, the Company monitors capital on the basis of its gearing ratio. This ratio is calculated as total borrowings divided by total capital employed. Total capital is calculated as equity, as shown in the statement of financial position, plus total borrowings. However, as on the reporting date, the Company is not geared.

## 24 APPLICATION OF IFRIC INTERPRETATION 12 "SERVICE CONCESSION ARRANGEMENTS"

Securities and Exchange Commission of Pakistan through its S.R.O NO 24 (I)/2012, dated 16 January 2012 has exempted the application of IFRIC 12- " Service Concession Arrangements", for Companies in Pakistan . Consequently, The Company is not required to account for its arrangement under Build, Operate and Transfer agreement for SKIM Motorway. If the Company was to follow IFRIC 12, the effect statements would have been as follows:

	2024 (Rupees)	2023 (Rupees)
Increase in profit after tax for the year	97,327,422	37,473,862
Recognition of intangible asset	2,043,875,869	786,951,104
Increase in taxation obligation	9,836,889	25,548,448

	Note	2024 Number	2023 Number
25 NUMBER OF EMPLOYEES			
Number of contractual employees as at June 30,		13	14
Average number of employees during the year		14	14

## 26 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved and authorized by the Board of Directors of the Company for issuance on 28 OCT 2024.

## 27 GENERAL

Figures in these financial statements have been rounded off to the nearest rupee, while figures of the corresponding period have been placed for comparison purposes and have not been rearranged and reclassified.

CHIEF EXECUTIVE OFFICER

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DIRECTOR