FINANCIAL STATEMENTS
OF
TRANSKARACHI
(A COMPANY SET UP UNDER SECTION 42
OF THE COMPANIES ACT, 2017)
FROM THE PERIOD FROM OCTOBER 11, 2018
TO JUNE 30, 2019

BDO

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Pakistan

The Board of Directors,
TransKarachi
Karachi.

October 12, 2022
AA-1630/22

AUDIT OF FINANCIAL STATEMENTS FOR THE PERIOD ENDED OCTOBER 11, 2018 TO JUNE 30, 2019

Dear Sir,

We have completed the audit of your Company's financial statements for the above referred period and are pleased to enclose herewith two copies of the draft financial statements along with our draft report thereon duly initialed by us for identification purposes. We shall be pleased to sign our report in its present or amended form after the financial statements are approved by you and signed on your behalf by the Chief Executive and any one other Director and on review / receipt of the:

1. Letter of representation addressed to us on behalf of the Board of Directors and signed by the Chief Executive and Chief Financial Officer as per draft provided by us.

2. The Board's resolution in respect of following items:

    - Adoption of accounting and reporting Framework as detailed in note 2 to the financial statements; and
    - Adoption of significant accounting policies as stated in note 4 to the financial statements.

Our comments and observations on this set of financial statements are as follows:

1. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors in a usual examination of financial statements are stipulated in section 249 of the Companies Act, 2017 and International Standards on Auditing. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such statements is primarily that of the Company's management.

The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of frauds and irregularities. The audit of financial statements does not relieve the management of its responsibilities.

2. CONTINGENCIES AND COMMITMENTS

We have been informed by the management that there are no contingencies and commitments as on the date of the financial statements other than those disclosed in the financial statements.

3. RELATED PARTY TRANSACTIONS

We have been informed by the management that there were no transactions with the related parties other than those disclosed in the notes to the financial statements.

4. FRAUD AND ERRORS

We have been informed by the management that no case of fraud and error has been brought to their knowledge during the period. Kindly confirm the representations made by the management.

We take this opportunity to thank all your staff for the courtesy and cooperation extended to us during the course of our audit.

Yours faithfully,

BDO EBRAHIM & CO.
Encl. as above

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANSKARACHI(A COMAPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **TRANSKARACHI** (A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017), which comprise the statement of financial position as at June 30, 2019, and statement of income and expenditure, statement of comprehensive income, the statement of cash flows, the statement of changes in accumulated funds for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of income and expenditure, statement of comprehensive income, the statement of cash flows and the statement of changes in accumulated funds together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the surplus and other comprehensive income, its cash flows and the changes in accumulated funds for the period then ended.

Basis for Opinion

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 period were for the purpose of the Company's business; and

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

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 12 OCT 2022

BDO EBRAHIM & CO
CHARTERED ACCOUNTANTS

TRANSKARACHI
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees
ASSETS		
CURRENT ASSETS		
Grant receivable	5	133,056
TOTAL ASSETS		133,056
FUNDS AND LIABILITIES		
CURRENT LIABILITIES		
Accrued and other liabilities		133,056
TOTAL FUNDS AND LIABILITIES		133,056
CONTINGENCIES AND COMMITMENTS	6	

The annexed notes from 1 to 10 form an integral part of the financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

TRANSKARACHI
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM OCTOBER 11, 2018 TO JUNE 30, 2019

	2019		
	Restricted	Un-restricted	Total
	Rupees		
INCOME			
Income recognized on deferred loan / restricted funds	133,056	-	133,056
	133,056	-	133,056
EXPENDITURE			
Auditor's remuneration	133,056		133,056
	133,056	-	133,056
SURPLUS FOR THE YEAR	-	-	-
Other comprehensive income	-	-	-
TOTAL COMPREHENSIVE INCOME	-	-	-

The annexed notes from 1 to 10 form an integral part of the financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

TRANSKARACHI
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE PERIOD FROM OCTOBER 11, 2018 TO JUNE 30, 2019

	Unrestricted Fund	Restricted Fund	Total
	General fund	Grant	
	----------	Rupees	----------
Transferred to income and expenditure account during the period	-	(133,056)	(133,056)
Transferred to grant receivable during the period	-	133,056	133,056
Balance as at June 30, 2019	-	-	-

The annexed notes from 1 to 10 form an integral part of the financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

TRANSKARACHI
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM OCTOBER 11, 2018 TO JUNE 30, 2019

	From Oct 2018 to June 2019
	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in current assets	
Grant receivable	(133,056)
Increase in current liabilities	
Accrued and other liabilities	133,056
Net cash generated from operating activities	-
Net increase in cash and cash equivalents	-
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	-

The annexed notes from 1 to 10 form an integral part of the financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

TRANSKARACHI
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM OCTOBER 11, 2018 TO JUNE 30, 2019

1 NATURE AND STATUS OF BUSINESS

TransKarachi "the Company" was incorporated on October 11, 2018 as a company limited by guarantee under section 42 of the Companies Act 2017. The primary objective is to carry out the project implementation, management and maintenance of Karachi Bus Rapid Transit Red Line Project assigned by Sindh Mass Transit Authority (SMTA) for the benefit of public at large. The company is wholly owned by the Government of Sindh. The registered office of the Company is situated at C-89, Block 2 , Clifton, Karachi.

1.1 Project Description

On October 04, 2016 Islamic Republic of Pakistan entered into loan agreement through Secretary Economic Affair Division vide loan No.6008 with Asian Development Bank (ADB) to finance project design advance (PDA) in form of a Loan "PDA Loan" of USD 9.7 million for:

a. Capacity building;
b. Detailed engineering design; and
c. Operational design.

The Sindh Mass Transit Authority (SMTA) established **TransKarachi** on October 11, 2018 **"the Company"** as wholly responsible for the implementation of Karachi Bus Rapid Transit "The BRT project" which will help increase the use of quality public transport in Karachi by delivering the 26.6 kilometer Red Line Bus Rapid Transit (BRT) corridor and associated facilities, directly benefiting millions of people.

As mentioned in Project Administration Manual for the month of June 2019, cost of the project was estimated to be USD 572 million. To help finance the project, the Islamic Republic of Pakistan required financing USD 484 million from financial institutions and remaining USD 88 million to be financed by Government of Sindh.

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.

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ form the IFRS, 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, unless stated otherwise. These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

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

2.4 Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies.

Judgments and estimates made by management that are significant to the unconsolidated financial statements are as follows:

- Depreciation method, useful lives and residual values of operating fixed assets (note 5.1).

- Estimates of impairment and recoverable amount of assets.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards / amendments that are effective in current year

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these unconsolidated financial statements.

3.2 Standards / amendments not yet effective

The Company has adopted the following standards, amendments and interpretations to International Financial Reporting Standards (IFRSs) which became effective for the current period:

IFRS 9 - Financial Instruments
IFRS 15 - Revenue from Contracts with Customers
IFRS 16 - Leases
IAS 19 - Employee Benefits: Plan Amendment, Curtailment or Settlement (Amendment) IAS 28
IAS 28 - Investments in associates and joint ventures: Long-term interest in Associates and Joint Ventures (Amendments)
IFRIC 23 - Uncertainty over income tax treatments

The Company applied IFRS 9, IFRS 15 and IFRS 16 for the first time, effective from January 01, 2019. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

IFRS 9 - Financial instruments

Effective from January 1, 2019, the Company has adopted IFRS 9, 'Financial instruments' which has replaced IAS 39, 'Financial instruments: recognition and measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The company has an no impact on the financial assets which are exposed to credit risk.

Classification and remeasurement

IFRS 9 retained but simplified the measurement model and established three primary measurement categories for financial assets; namely Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVPL). The basis of classification depends on the Company's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVPL with the irrevocable option at inception to present changes in fair value in OCI, without recycling fair value changes to profit or loss.

There is no significant change in classification, measurement and recognition of financial liabilities as a result of adoption of IFRS 9.

Impairment

IFRS 9 also includes an Expected Credit losses (ECL) model that replaced the incurred loss impairment model as given in IAS 39. The ECL model involves a three-stage approach whereby financial assets move through the three stages as the credit quality changes. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. trade debts, deposits, other receivables, etc.).

However, the SECP through its notification dated September 2, 2019 has given exemption from the requirements contained in IFRS 9 with respect to application of ECL till June 30, 2021, in respect of companies holding financial assets due from the Government of Pakistan (GoP), provided that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. In this respect, the Company has concluded that the entities with majority stake of the GoP; and the departments of the Provincial, Federal and Local Governments fall under the definition of the GoP and hence, the requirements contained in IFRS 9 with respect to application of ECL method shall not be applicable till June 30, 2021 on receivables in respect of the Company's trade debts due from ministries, public sector entities.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 - 'Revenue from Contracts with Customers', supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue when the control of goods or services have been transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Contract liabilities are included within trade and other payables on the face of the statement of financial position. They arise from the customers, which enter into contract that can take few years to complete, because cumulative payments received from customers at date of each statement of financial position do not necessarily equal the amount of revenue recognised on the contracts.

The Company elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in the unconsolidated financial statements. Accordingly, the information presented for the corresponding period has not been restated. There were no material differences between revenue recognition under IFRS 15 and revenue recognsition under IAS 11 or IAS 18 and accordingly, the adoption of standard did not have any impact on the financial statements.

3.3 Standards / amendments that are effective in current year and not relevant to the Company.

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard which are not relevant to the Company:

		Effective date (annual periods beginning on or after)
IFRS 5	Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	July 01, 2018
IFRS 7	Financial Instruments : Disclosures - additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018
IFRS 9	Financial Instruments - reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	July 01, 2018
IFRS 9	Financial Instruments - finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	July 01, 2018

		Effective date (annual periods beginning on or after)
IAS 39	Financial Instruments: Recognition and Measurements-amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception.	July 01, 2018
IFRS 8	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019

Annual improvements to IFRSs (2015 – 2017) Cycle:

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

3.4 Standards / amendments not yet effective

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

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.

IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 14	Regulatory Deferral Accounts	July 01, 2019
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
IAS 39	Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020

Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below are consistently applied for all periods presented in these financial statements, unless otherwise stated.

4.1 Funds / grants

General fund

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

Deferred capital grant / restricted funds

This grant / fund represents the grants / funds subject to the donors' imposed restrictions or imposed future performance conditions. Initially these are recognized in the statement of financial position as deferred income at their receipt. Subsequently these are recognized in income and expenditure account to the extent of actual expenses incurred.

Judgment and estimates

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

4.2 Revenue recognition

Grants

Grants are recognized where there is reasonable assurance that the grants will be received and all attached conditions will be complied with.

Deferred grant / restricted fund

Deferred grants / restricted funds are recognized in the income and expenditure account to the extent of the actual expenditure incurred or when all the future performance conditions are met. Expenditure incurred against grants committed but not received, is recognized directly in income and expenditure account and reflected as a receivable from donors.

4.3 Taxation

In accordance with section 100C of the Income Tax Ordinance, 2001 (the Ordinance), the Company is allowed a tax credit equal to one hundred per cent of the tax payable, including minimum tax and final tax payable, under any of the provisions of the Ordinance, subject to conditions as outlined in section 100C. Accordingly, no provision for tax, has been recognized in the financial statement of the Company.

The Company intended to claim tax credit equal to one hundred per cent of the tax payable under section 100C of the Income Tax Ordinance, 2001, including minimum tax and final taxes payable.

No provision for taxation has been made for the year in this financial statement based on section 100C of the Income Tax Ordinance, 2001.

4.4 Financial instruments

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

Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Derecognition

The financial assets are de-recognized when the Company loses control of the contractual right that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

4.5 Offsetting 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 set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

4.6 Foreign currency translation

Transactions in foreign currencies are converted into Pak Rupees at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date. Exchange gains and losses are included in the profit and loss account.

4.7 Contingencies

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

	Note	2019 Rupees
5 GRANT RECEIVABLE		
Grant receivable	5.1	133,056

5.1 This represent grants receivable against operating expenses from Government of Sindh through Sindh Mass Transit Authority who is responsible for reimbursement of expenses of the company.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There were no contingencies as at the date of balance sheet.

6.2 Commitments

There were no contingencies as at the date of balance sheet.

7 FINANCIAL INSTRUMENTS RELATED DISCLOSURES

7.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As of reporting date position, the TransKarachi is not exposed to any foreign currency risk arising due to foreign exchange fluctuation.

7.2 Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management believes that the Foundation is not exposed to any significant level of liquidity risk.

7.3 Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. TransKarachi is not exposed to any credit risk as the project is still in construction phase.

7.4 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the interest rates. The TransKarachi is not exposed to interest rate risk as repayment of loan is the responsibility of Government of Sindh.

7.5 Fair value of financial instruments

The carrying value of all the financial assets and financial liabilities are estimated to approximate their fair values.

8 NUMBER OF EMPLOYEES

There were no employees as at period ended June 30, 2019.

9 DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Transkarachi authorized these financial statements for issue on 12 OCT 2022.

10 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR