

## PAKISTAN RAILWAY ADVISORY & CONSULTANCY SERVICES LIMITED

### Financial Statement

JUNE 30<sup>th</sup>, 2024

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
PAKISTAN RAILWAY ADVISORY & CONSULTANCY SERVICES LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of **Pakistan Railway Advisory & Consultancy Services Limited** ("the Company"), which comprise the statement of financial position as at June 30, 2024 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of 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 purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017, 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, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (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 Annual Report but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work





we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017
- 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 and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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 **Sharafat Ali**.

  
Fazal Mahmood & Company  
Chartered Accountants

Lahore.

Date: **November 27, 2024**

UDIN: **AR202410338Pp8hgZGA0**



**PAKISTAN RAILWAY ADVISORY & CONSULTANCY SERVICES LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT JUNE 30, 2024**

	Note	2024	2023
		----- Rupees -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	30,790,374	22,364,061
Deferred tax asset	7	-	-
		<b>30,790,374</b>	<b>22,364,061</b>
<b>Current assets</b>			
Trade receivables - net	8	377,174,391	291,730,480
Advances, deposits, prepayments and other receivables	9	98,732,895	166,426,792
Short term investment	10	75,338,607	-
Tax refunds due from government		212,933,098	198,483,208
Cash and cash equivalents	11	153,985,785	161,446,992
		<b>918,164,776</b>	<b>818,087,472</b>
<b>Total assets</b>		<b>948,955,150</b>	<b>840,451,533</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorized share capital</b>		<b>100,000,000</b>	<b>100,000,000</b>
<b>100,000,000 Ordinary shares of Rs. 1 each.</b>			
Issued, subscribed and paid up share capital	12	72,000,000	72,000,000
Retained earnings		602,973,553	524,758,236
		<b>674,973,553</b>	<b>596,758,236</b>
<b>Non-current liabilities</b>			
Staff retirement benefits	13	220,011,419	199,697,263
		<b>220,011,419</b>	<b>199,697,263</b>
<b>Current liabilities</b>			
Trade and other payables	14	40,145,743	42,450,855
Provision for taxation	15	13,824,435	1,545,179
		<b>53,970,178</b>	<b>43,996,034</b>
<b>Contingencies and commitments</b>	16	-	-
<b>Total liabilities</b>		<b>273,981,597</b>	<b>243,693,297</b>
<b>Total equity and liabilities</b>		<b>948,955,150</b>	<b>840,451,533</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

08/11/2024  
Chief Executive

Director

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**PAKISTAN RAILWAY ADVISORY & CONSULTANCY SERVICES LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024	2023
----- Rupees -----			
Revenue - net	17	385,449,313	123,614,311
Cost of revenue	18	(276,848,017)	(217,655,979)
<b>Gross profit / (loss)</b>		<b>108,601,296</b>	<b>(94,041,668)</b>
Administrative expenses	19	(79,415,917)	(57,358,677)
<b>Operating profit / (loss)</b>		<b>29,185,379</b>	<b>(151,400,345)</b>
Other income	20	43,045,541	11,750,150
<b>Profit / (loss) before tax and levies</b>		<b>72,230,920</b>	<b>(139,650,195)</b>
Minimum tax levies		(12,279,256)	(1,545,179)
<b>Profit / (loss) before tax</b>		<b>59,951,664</b>	<b>(141,195,374)</b>
Taxation	21	-	3,175,997
<b>Profit / (loss) after tax</b>		<b>59,951,664</b>	<b>(138,019,377)</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

  
08/11/2024  
Chief Executive

  
Director

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**PAKISTAN RAILWAY ADVISORY & CONSULTANCY SERVICES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024	2023
		----- Rupees -----	
<b>Profit / (loss) after tax</b>		59,951,664	(138,019,377)
<b>Other comprehensive income</b>			
<i>Items that may be subsequently reclassified to profit or loss</i>		-	-
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Remeasurements of retirement benefit obligations	13.4	18,263,653	(37,357,520)
Income tax relating to these items		-	-
		18,263,653	(37,357,520)
Other comprehensive income / (loss)		18,263,653	(37,357,520)
<b>Total comprehensive income / (loss) for the year</b>		<b>78,215,317</b>	<b>(175,376,897)</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

  
08/11/2024  
Chief Executive

  
Director

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**PAKISTAN RAILWAY ADVISORY & CONSULTANCY SERVICES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Issued, subscribed and paid up share capital	Retained earnings	Total share capital and reserves
	----- Rupees -----		
Balance as at July 01, 2022	72,000,000	700,135,133	772,135,133
Loss for the year	-	(138,019,377)	(138,019,377)
Other comprehensive loss for the year	-	(37,357,520)	(37,357,520)
<b>Balance as at June 30, 2023</b>	<b><u>72,000,000</u></b>	<b><u>524,758,236</u></b>	<b><u>596,758,236</u></b>
Balance as at July 01, 2023	72,000,000	524,758,236	596,758,236
Profit for the year	-	59,951,664	59,951,664
Other comprehensive income for the year	-	18,263,653	18,263,653
<b>Balance as at June 30, 2024</b>	<b><u>72,000,000</u></b>	<b><u>602,973,553</u></b>	<b><u>674,973,553</u></b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

  
08/11/2024  
**Chief Executive**

  
**Director**

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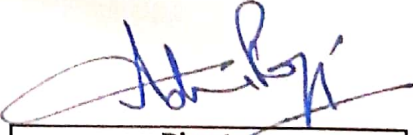


**PAKISTAN RAILWAY ADVISORY & CONSULTANCY SERVICES LIMITED****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024	2023
		----- Rupees -----	
<b>Cash flows from operating activities</b>			
Profit / (loss) before tax and levies		59,951,664	(141,195,374)
Adjustments for:			
- depreciation	6.2	2,794,610	1,877,735
- provision for gratuity	13.2	31,683,927	17,427,217
- contribution to staff provident fund	13.1	9,545,374	11,575,829
		<u>44,023,911</u>	<u>30,880,781</u>
<b>Operating profit / (loss) before working capital changes</b>		<b>103,975,575</b>	<b>(110,314,593)</b>
Effect of working capital changes			
(Increase) / decrease in current assets			
Trade receivables - net		(85,443,911)	11,274,569
Advances, deposits, prepayments and other receivables		67,693,897	49,400,315
Short term investment		(75,338,607)	-
		<u>(93,088,621)</u>	<u>60,674,884</u>
Increase / (decrease) in current liabilities			
Trade and other payables		(2,305,112)	4,993,381
		<u>(2,305,112)</u>	<u>4,993,381</u>
<b>Cash generated from / (used in) operations</b>		<b>8,581,842</b>	<b>(44,646,328)</b>
Income taxes and levies paid		(2,170,634)	(10,446,995)
Gratuity paid	13.2	(1,946,900)	(5,832,470)
Provident fund paid	13.1	(704,592)	(2,417,850)
		<u>(4,822,126)</u>	<u>(18,697,315)</u>
<b>Net cash inflows / (outflows) from operating activities</b>		<b>3,759,716</b>	<b>(63,343,643)</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of items of property and equipment		(11,220,923)	(5,418,211)
<b>Net cash outflows from investing activities</b>		<b>(11,220,923)</b>	<b>(5,418,211)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows from investing activities</b>		-	-
Net decrease in cash and cash equivalents		(7,461,207)	(68,761,854)
Cash and cash equivalents at the beginning of the year		161,446,992	230,208,846
<b>Cash and cash equivalents at end of the year</b>		<b>153,985,785</b>	<b>161,446,992</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

  
08/11/2024  
Chief Executive

  
Director

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**PAKISTAN RAILWAY ADVISORY & CONSULTANCY SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**1 Status and nature of business**

Pakistan Railway Advisory and Consultancy Services Limited ("the Company") was incorporated in Pakistan on July 20, 1976 as a Private Limited Company under the repealed Companies Act, 1913 (now repealed and replaced by Companies Act, 2017). The company was converted to a Public Limited Company w.e.f. December 23, 2002. The Company renders consultancy services in the field of railways, operates railway reservation offices and allied activities. All the shares of the Company are held by Ministry of Railway, Government of Pakistan. The company's registered office is situated at PRACS House, Railway Station Road, Rawalpindi Cantt.

**2 Basis of preparation**

**2.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention unless otherwise specifically stated, if any,

**2.2 Statement of compliance**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of Companies Act, 2017. Approved accounting standards comprise of:

- International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFASs) as issued by the Institute of Chartered Accountants of Pakistan (ICAP); and
- Provisions of and directives issued under the Companies Act, 2017.

Wherever, the requirements of the Companies Act, 2017 or directives issued by the Securities and Exchange Commission of Pakistan differs with the requirements of these accounting standards, the requirements of the Companies Act, 2017 or the requirements of the said directives shall prevail.

**2.3 Functional and presentational currency**

These financial statements have been prepared in Pakistani Rupees (PKR), which is the company's functional and presentation currency.

**3 Use of judgments, estimates and assumptions**

The preparation of financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgements which are significant to the financial statements:

- assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property and equipment (Note 6);
- deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised (Note 7);
- assumptions and estimates used in calculating the provision for impairment for trade receivables - net (Note 8);
- assumptions and estimates used in calculating the provision for impairment for advances, deposits, prepayments and other receivables (Note 9);
- assumptions and estimates used for valuation of present value of defined benefit obligation (Note 13);
- assumptions and estimates used in disclosure and assessment of provision for contingencies and commitments (Note 16);
- assumptions and estimates used in determining current income under relevant tax law and the decisions of appellate authorities on certain cases issued in the past (Note 21);

**4 Standards, amendments and interpretations**

**4.1 Standards, amendments and interpretations adopted during the year**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

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**4.2 Amendments to published accounting and reporting standards which are effective for the year ended June 30, 2024**

There were certain amendments that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 Presentation of Financial Statements have become applicable to the Company which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance – "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires taxes paid under final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the Statement of Financial Position, Earnings per share and Statement of Changes in Equity as a result of this change.

Effect on statement of profit or loss	2023		
	Reported previously	Difference	Reported now
----- Rupees -----			
Profit / (loss) before tax and levies	-	(139,650,195)	(139,650,195)
Minimum tax levies	-	(1,545,179)	(1,545,179)
Profit / (loss) before tax	(139,650,195)	(1,545,179)	(141,195,374)
Taxation	1,630,818	1,545,179	3,175,997
Profit / (loss) after tax	(138,019,377)	-	(138,019,377)

**4.3 Standard, amendments to published accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Company**

There are certain new standards and certain amendments to the accounting and reporting standards that will become mandatory for the Company's annual accounting periods beginning on or after July 1, 2024. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

**5 Material accounting policy information**

**5.1 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any, Cost includes expenditures directly attributable to the acquisition of an asset.

Depreciation on property and equipment is charged on reducing balance method at the rates stated in Note 6 to these financial statements. Depreciation charge commences from the month in which asset is available for use and continues until the month of disposal.

Residual values and the useful lives are reviewed at each date of statement of financial position and adjusted if expectations differ significantly from previous estimates.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property 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.

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.

The carrying values of property and equipment are reviewed at each reporting date for indications that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset or cash generating unit is written down to its recoverable amount. The recoverable amount of property and equipment is the greater of fair value less cost to sell and value in use.

Normal repairs and maintenance are charged to profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised, when it is probable that future economic benefits will flow to the Company.

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**PAKISTAN RAILWAY ADVISORY & CONSULTANCY SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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An item of property and equipment is derecognised 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.

Capital work-in-progress is stated at cost accumulated to the date of statement of financial position less impairment losses, if any. It consists of expenditure incurred, advances made and other directly attributable costs in respect of property, plant and equipment in the course of their construction and installation. Transfers are made to relevant operating fixed assets category as and when assets are available for use.

## **5.2 Financial instruments**

### **5.2.1 Financial assets**

#### **a) Amortised cost**

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

#### **b) Fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **c) Fair value through profit or loss**

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to the statement of profit or loss following the derecognition of the investment.

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 remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the statement of profit or loss for the period in which it arises.

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

### **5.2.2 Financial liabilities**

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of profit or loss.

### **5.2.3 Offsetting of financial assets and liabilities**

Financial assets and liabilities are 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 the company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

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**PAKISTAN RAILWAY ADVISORY & CONSULTANCY SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**5.3 Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

**5.4 Trade debts**

Trade debts are amounts due from customers against services rendered during the ordinary course of business. Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method less expected credit losses. Bad debt are written off when identified.

**5.5 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks in current and savings accounts, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements.

**5.6 Trade and other payables**

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

**5.7 Share capital**

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

**5.8 Contract assets and liabilities**

If the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due. Contract liabilities are recognized for consideration received in respect of unsatisfied performance obligations.

**5.9 Staff retirement benefits**

**(a) Defined benefit plan - Gratuity**

The Company operates an unfunded defined benefit gratuity plan for all employees having a service period of more than six months. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuations carried out on a periodic basis or when there is a significant change. The most recent valuation was carried out as at June 30, 2024 using the "Projected Unit Credit Method". The amount recognized in statement of financial position represents the present value of the defined benefit obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise. Past service costs are recognized immediately to profit or loss.

**(b) Defined contribution plan - Provident fund**

The Company operates an unapproved provident fund scheme which covers all permanent employees. Equal monthly contributions are made by the Company and employees. Contribution is made by the Company at the rate of 5% of basic salary.

**5.10 Foreign currency transactions and translation**

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All 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. Foreign exchange gains and losses on translation are recognised in statement of profit or loss. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

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**5.11 Provisions**

Provisions are recognized 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 embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

**5.12 Contingent liabilities**

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

**5.13 Contingent assets**

Contingent assets are disclosed when there is a possible asset 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. Contingent assets are not recognised until their realisation become virtually certain.

**5.14 Related party transactions and transfer pricing**

Transactions and contracts with the related parties are priced at arm's length as approved by Board of Directors. Prices for transactions with related parties are determined on the basis comparable uncontrolled price method.

**5.15 Taxation**

**Current:**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions, if any.

**Deferred:**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the income statement, except where deferred tax arises on the items credited or charged to equity in which case it is included in equity.

**5.16 Borrowings and their costs**

Borrowings are recorded at the proceeds received. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

**5.17 Revenue recognition**

The company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and specific criteria has been met for each of the company's activities as described below:

- Revenue from rendering of services is recognised as and when performance obligation is fulfilled.
- Interest income recognised on a time proportion basis on the principal amount outstanding and at the applicable rate.
- Commission income is recognised as and when tickets are sold to customers.
- Contract revenue is recognised as and when the performance obligations as mentioned in the contract are fulfilled and duly verified by the customer or its authorized representative.
- Revenue from commercial management of trains is recognised on net basis after deducting the share of Pakistan Railways from sales of tickets.

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6	Property and equipment	Note	Rupees	
			2024	2023
	Operating fixed assets	6.1	30,790,374	22,364,061
			<b>30,790,374</b>	<b>22,364,061</b>

**6.1 Operating fixed assets**

Building on Leasehold Land	Furniture and Fixture	Office Equipment	Owned assets		Crockery	Vehicles	Total assets
			Electric Equipment & Installations	Rupees			

**Cost**

Balance as at July 01, 2022	16,874,371	9,467,945	24,119,512	11,024,119	243,956	15,944,170	77,674,073
Additions during the year	-	600,250	408,800	4,409,161	-	-	5,418,211
Disposals	-	-	-	-	-	-	-
<b>Balance as at June 30, 2023</b>	<b>16,874,371</b>	<b>10,068,195</b>	<b>24,528,312</b>	<b>15,433,280</b>	<b>243,956</b>	<b>15,944,170</b>	<b>83,092,284</b>
Balance as at July 01, 2023	16,874,371	10,068,195	24,528,312	15,433,280	243,956	15,944,170	83,092,284
Additions during the year	398,000	1,548,450	1,585,240	7,521,933	167,300	-	11,220,923
Disposals	-	-	-	-	-	-	-
<b>Balance as at June 30, 2024</b>	<b>17,272,371</b>	<b>11,616,645</b>	<b>26,113,552</b>	<b>22,955,213</b>	<b>411,256</b>	<b>15,944,170</b>	<b>94,313,207</b>

**Depreciation**

Balance as at July 01, 2022	10,293,559	7,198,934	18,564,093	7,576,738	128,513	15,088,651	58,850,488
Charge for the year	329,041	241,949	566,737	557,360	11,544	171,104	1,877,735
Depreciation on disposals	-	-	-	-	-	-	-
<b>Balance as at June 30, 2023</b>	<b>10,622,600</b>	<b>7,440,883</b>	<b>19,130,830</b>	<b>8,134,098</b>	<b>140,057</b>	<b>15,259,755</b>	<b>60,728,223</b>
Balance as at July 01, 2023	10,622,600	7,440,883	19,130,830	8,134,098	140,057	15,259,755	60,728,223
Charge for the year	316,635	346,425	689,034	1,281,850	23,783	136,883	2,794,610
Depreciation on disposals	-	-	-	-	-	-	-
<b>Balance as at June 30, 2024</b>	<b>10,939,235</b>	<b>7,787,308</b>	<b>19,819,864</b>	<b>9,415,948</b>	<b>163,840</b>	<b>15,396,638</b>	<b>63,522,833</b>
Rate of depreciation	5%	10%	10%	10%	10%	20%	
Written down value as at June 30, 2023	6,251,771	2,627,312	5,397,482	7,299,182	103,899	684,415	22,364,061
Written down value as at June 30, 2024	6,333,136	3,829,337	6,293,688	13,539,265	247,416	547,532	30,790,374

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6.2 The land on which the head office of the company is located has been provided by Pakistan Railways. No rent is charged to the company against use of said location.

	Note	2024	2023
----- Rupees -----			
<b>6.3 Depreciation for the year has been allocated as under:</b>			
Cost of sale of tickets	18.1	558,922	375,547
Cost of consulting	18.3	558,922	375,547
Administrative expenses	19	1,676,766	1,126,641
		<b>2,794,610</b>	<b>1,877,735</b>

**7 Deferred tax asset**

**7.1 Deferred tax comprises temporary differences attributable to:**  
**Taxable temporary difference**

Accelerated depreciation on property and equipment		(7,659,414)	(8,790,785)
		(7,659,414)	(8,790,785)

**Deductible temporary difference**

Defined benefits plan - Gratuity		154,840,644	143,367,270
		154,840,644	143,367,270

**Net deductible temporary difference**

Deferred tax asset @ 29%		42,682,557	39,027,181
Add: Unused tax credits		9,006,319	9,006,319
Less: Unrecognised deferred tax asset	7.2	(51,688,876)	(48,033,500)
		-	-

7.2 Deferred tax asset has not been recognised in these financial statements as the company is of the view that sufficient taxable profits will not be available in the foreseeable future against which it shall be utilized.

**8 Trade receivables - net**

	Note	2024	2023
----- Rupees -----			
Trade receivables - unsecured, considered good		377,174,391	291,730,480
Provision for impairment	8.1	-	-
		<b>377,174,391</b>	<b>291,730,480</b>

8.1 Trade receivables include balances receivable from Pakistan Railways (the Parent Company). There is no risk of default as the balances are directly receivable from a government owned entity.

**9 Advances, deposits, prepayments and other receivables**

	Note	2024	2023
----- Rupees -----			
Advances to employees			
- against salary	9.1	11,757,545	2,238,045
- against expenses		4,232,841	1,532,453
Advances to Pakistan Railways	9.2.1	34,323,406	88,694,764
Short term security deposits		31,461,099	56,855,873
Sales tax refundable	16.1	9,576,336	9,576,336
Mobilization advance		5,895,342	5,919,842
Prepaid insurance		354,418	354,418
Prepaid rent		1,131,908	1,255,061
		<b>98,732,895</b>	<b>166,426,792</b>

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9.1 Amount advanced against salary is subject to interest. The interest on these advances is charged at the rate of 7.00% per annum. (2023: 11.00%).

Note	2024	2023
	----- Rupees -----	
9.2.1	-	54,458,880
9.2.2	33,716,744	33,716,744
	606,662	519,140
	<b>34,323,406</b>	<b>88,694,764</b>

**9.2 Advances to Pakistan Railways**

Rehman Baba Express

Kushal Khan Khattak Express

Faiz Ahmed Faiz Express

9.2.1 It represents an amount advanced to Pakistan Railways for obtaining contract for operating Rehman Baba Express train. However, during the year end, the contract has been cancelled and the train has been returned to Pakistan Railways.

9.2.2 It represents an advance payment of Rs. 100 Million for the Commercial Management of Khushal Khan Khattak Express (KKK Express) out of which Rs. 12.103 Million was received in the year 2022. Further, Rs. 54.180 Millions were received during the year and remaining Rs. 33.716 Million is receivable from Pakistan Railway (PR) in next financial year. The Ministry of Railway has decided to take over the charge of Commercial Management of KKK Express and take consequential steps with effect from 15-06-2019. As no timings of receipt were defined by Pakistan Railways and considering the nature of payment as Advance therefore, the said balance has been classified as current asset.

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

**10 Short term investment**

**Investment in treasury bills**

Allied Bank

Silk Bank

10.1	75,338,607	-
10.2	-	-
	<b>75,338,607</b>	<b>-</b>

- Investment has been made in Allied Bank & Silk Bank by purchasing T-Bills, Carrying Mark-up at the rate of 22%.

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

**10.1 Allied Bank**

Opening balance

Investment made during the year

Investment matured during the year

	-	-
	361,403,735	-
	(286,065,128)	-
	<b>75,338,607</b>	<b>-</b>

**10.2 Silk Bank**

Opening balance

Investment made during the year

Investment matured during the year

	-	-
	124,515,300	-
	(124,515,300)	-
	<b>-</b>	<b>-</b>

**11 Cash and cash equivalents**

Cash in hand

Balances with banks in:

- current accounts

- deposit accounts

	932,468	815,468
11.1	8,771,235	87,117,834
	144,282,082	73,513,690
	153,053,317	160,631,524
	<b>153,985,785</b>	<b>161,446,992</b>

11.1 These, during the year, carry mark-up at the rate of 19% per annum (2023: 6.50% to 19.50% per annum).

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**12 Issued, subscribed and paid up share capital**

Ordinary shares of Rs. 1 each.  
- Fully paid in cash  
- Allotted as bonus share

2024	2023	2024	2023
Number of shares		Rupees	
1,300,000	1,300,000	1,300,000	1,300,000
70,700,000	70,700,000	70,700,000	70,700,000
<b>72,000,000</b>	<b>72,000,000</b>	<b>72,000,000</b>	<b>72,000,000</b>

12.1 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding of the shareholders.

Note	2024	2023
	Rupees	

**13 Staff retirement benefits**

Defined contribution plan - Provident fund  
Defined benefits plan - Gratuity

13.1	65,170,775	56,329,993
13.2	154,840,644	143,367,270
	<b>220,011,419</b>	<b>199,697,263</b>

**13.1 Defined contribution plan - Provident fund**

Opening Balance  
Contribution during the year  
Payments made during the year

56,329,993	47,172,014
9,545,374	11,575,829
(704,592)	(2,417,850)
<b>65,170,775</b>	<b>56,329,993</b>

**13.2 Defined benefits plan - Gratuity**

The movement in defined benefit obligation is as follows:

Present value of defined benefit obligation at beginning  
Current service cost  
Past service cost  
Interest cost  
Benefits paid  
*Remeasurement adjustments*  
- Actuarial losses from changes in financial assumptions  
- Experience adjustments

143,367,270	94,415,003
8,373,156	5,535,607
171,775	-
23,138,996	11,891,610
(1,946,900)	(5,832,470)
(215,409)	430,974
(18,048,244)	36,926,546
<b>154,840,644</b>	<b>143,367,270</b>

**13.3 Amount recognised in profit or loss**

Current service cost  
Past service cost  
Interest cost

8,373,156	5,535,607
171,775	-
23,138,996	11,891,610
<b>31,683,927</b>	<b>17,427,217</b>

**13.4 Amount recognised in other comprehensive income**

Actuarial losses from changes in financial assumptions  
Experience adjustments

(215,409)	430,974
(18,048,244)	36,926,546
<b>(18,263,653)</b>	<b>37,357,520</b>

Increase by 1%	Decrease by 1%
----------------	----------------

**13.5 Sensitivity Analysis**

Discount Rate  
Change in salary

142,133,872	131,101,098
169,231,770	157,311,378

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	2024	2023
<b>13.6 Principal actuarial assumptions used in the actuarial valuations</b>		
<b>Financial assumptions</b>		
Discount rate used for Interest Cost in P&L Charge	16.25%	13.25%
Discount rate used for year end obligation	14.75%	16.25%
Expected rate of increase in salary	14.75%	16.25%
<b>Demographic Assumptions</b>		
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Retirement assumptions	Age 60	Age 60

	2024	2023
Note	----- Rupees -----	
<b>14 Trade and other payables</b>		
Contract liabilities	14.1	14,269,843
Security deposits payable	14.2	18,646,150
Accrued liabilities		1,332,730
Audit fee payable		150,000
Withholding taxes payable		657,577
Other payables		5,089,443
		<b>40,145,743</b>
		<b>42,450,855</b>

**14.1 Contract liabilities**  
This represents advances received from customers

<b>14.2 Security deposits payable</b>			
Security deposits against services	14.2.1	13,957,746	14,824,791
Employees security deposits	14.2.2	4,688,404	6,825,904
		<b>18,646,150</b>	<b>21,650,695</b>

**14.2.1** These represent securities deposited by various vendors and contractors. No interest is payable on these deposits. Additionally, these deposits can be utilized for the business in accordance with requirements of written agreements. These deposits have been kept in accordance with Section 217 (3) of the Companies Act, 2017.

**14.2.2** These represent employees security retained by the company. There are different categories of staff on the payroll of PRACS. Majority of employees run their services at Railway Stations such as Lahore, Rawalpindi & Karachi handling cash. To protect, minimize risk & safe guard railways cash, during hiring services of employees, PRACS management retain one month basic pay or Rs. 30,000/- as security money from employees (refundable). These are in compliance with Section 217(3) of Companies Act, 2017.

	2024	2023
	----- Rupees -----	
<b>15 Provision for taxation</b>		
Opening balance	1,545,179	10,118,691
Paid / adjusted with tax refunds	-	(6,942,694)
Prior year expense reversed	-	(3,175,997)
Provision for the year	12,279,256	1,545,179
	<b>13,824,435</b>	<b>1,545,179</b>

**16 Contingencies and commitments**  
**Contingencies**

**16.1 Notice from taxation authorities**

M/s PRACS is Federal Entity, 100% shares owned by ministry of Railways. PRACS is facing some issue regarding general Sales Tax at Provincial levels. As above mentioned that PRACS is 100 % owned of Ministry of Railways, Pakistan Railways has already filed case at Provincial levels in the light of entry 53 of Part-1 of the Federal Legislative List (FLL) contained in Fourth Schedule to the Constitution which reads as below: " 53 Terminal Taxes on goods, or passengers carried by railway, sea or air, taxes on their fare and freight".

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**16.2 Pending litigations**

PRACS has filed following suits. Case of embezzlement of Rs. 1,148,640/- on account of short remittance of cash at Rahim Yar Khan is under trail at Lahore High Court (Multan Bench) Multan. PRACS has filed a case for recovery of Rs. 2.7 million which was wrongly charged by Bank Al-Baraka on account of Bank Guarantee. PRACS has also filed a recovery suit for Rs. 1780,000/- against M/s Ad-sign in project of branding of billboards of 25 sites of Karachi. Contractor for branding of station and trains was awarded to M/s S-Cube in the year 2016. At that time S-Cube provided bank guarantee and advance of Rs. 1.4 million S-Cube file a case bearing Ref. # 1787/2017 in the High court of Sindh, Karachi.

**Commitments**

**16.3 Commitments in respect of operating lease arrangements**

BOD approved to allow PRACS to construct its building at the plot agreed to be leased out to PRACS vide Pakistan Railway Headquarter Officer, Lahore, letter No. 473-W/10865/P&L dated: 19-09-2021. Period of lease is 50 years. Lease rent to be paid by PRACS Rs. 1 per Sq. Yd per year. Total sq.Yd 3350/-Rent Rs.1 per S.Qy is amounting to Rs. 3350/- per year.

	Note	2024	2023
----- Rupees -----			
<b>17 Revenue - net</b>			
Commission income on sale of tickets		121,352,444	85,393,309
Income from commercial management of trains		76,551,512	31,563,951
Consulting income		186,659,807	5,973,451
Heritage cell department income		885,550	683,600
Gross revenue		385,449,313	123,614,311
Less: sales tax	16.1	-	-
<b>Net revenue</b>		<b>385,449,313</b>	<b>123,614,311</b>
<b>18 Cost of revenue</b>			
Cost of sale of tickets	18.1	164,713,251	126,008,653
Cost of commercial management of trains	18.2	60,881,967	80,192,567
Cost of consulting	18.3	47,149,151	8,650,889
Cost of heritage cell department	18.4	4,103,648	2,803,870
		<b>276,848,017</b>	<b>217,655,979</b>
<b>18.1 Cost of sale of tickets</b>			
Salaries and other benefits	18.1.1	125,865,002	98,354,391
Staff retirement benefits		22,178,749	13,244,685
Rent, rates and taxes		6,145,021	5,451,141
Utilities		1,926,045	1,467,050
Communication		2,002,851	1,380,073
Printing and stationery		1,438,886	1,986,490
Travelling and conveyance		1,385,222	636,162
Security services		1,162,000	1,291,386
Tender and license fee		262,640	74,760
Vehicle running and maintenance		62,070	60,750
EOBI		200,000	144,000
Office expenses and maintenance		853,925	984,430
Medical reimbursement		169,896	222,134
Death compensation		200,000	-
Depreciation	6.3	558,922	375,547
Miscellaneous		302,022	335,654
		<b>164,713,251</b>	<b>126,008,653</b>

**18.1.1** Salaries and other benefits include Rs. 5.73 million (2023: Rs. 6.95 million) in respect of defined contribution plan.

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

	Note	2024	2023
		----- Rupees -----	
<b>18.2 Cost of commercial management of trains</b>			
Cost of Train Management - Faiz Ahmed Faiz Express	18.2.1	20,256,943	14,832,066
Cost of Train Management - Rehman Baba Express	18.2.2	40,406,024	59,275,621
Cost of Train Management - All Passenger Trains of Pakistan Railways	18.2.3	219,000	6,084,880
		<b>60,881,967</b>	<b>80,192,567</b>
<b>18.2.1 Cost of Train Management - Faiz Ahmed Faiz Express</b>			
Staff salaries and allowances		17,742,638	12,450,126
Printing of tickets		1,067,894	1,213,883
Rent		680,400	664,650
Utilities		155,634	118,322
Office maintenance		161,505	151,895
Communication		142,812	69,300
Printing and stationery		88,000	112,170
Travelling and conveyance		47,440	46,230
Vehicle repair and maintenance		43,820	-
Miscellaneous		126,800	5,490
		<b>20,256,943</b>	<b>14,832,066</b>
<b>18.2.2 Cost of Train Management - Rehman Baba Express</b>			
Staff salaries and allowances		31,321,098	44,896,501
Printing of tickets		1,614,513	2,966,803
Rent		1,288,638	2,340,148
Utilities		1,009,078	1,051,119
Office maintenance		482,141	1,843,045
Printing and stationery		633,043	641,825
Travelling and conveyance		745,507	963,569
Staff uniform		6,100	409,602
Communication		72,363	119,056
Advertisement		51,710	204,636
Vehicle repair and maintenance		19,910	75,010
Business promotion		106,800	82,708
Bank charges		1,776,829	2,750,348
Miscellaneous		1,278,294	931,251
		<b>40,406,024</b>	<b>59,275,621</b>
<b>18.2.3 Cost of Train Management - All Passenger Trains of Pakistan Railways</b>			
Staff salaries and allowances		-	5,934,574
House requisition		-	116,631
Communication		-	10,555
Office maintenance		-	8,210
Printing and stationary		-	13,710
Travelling and conveyance		-	1,200
Arreated water		219,000	-
		<b>219,000</b>	<b>6,084,880</b>
<b>18.3 Cost of consulting</b>			
Staff salaries and allowances		22,487,078	3,110,966
General admin of civil engineering		20,934,758	4,990,104
Staff retirement benefits		3,168,393	174,272
Depreciation	6.3	558,922	375,547
		<b>47,149,151</b>	<b>8,650,889</b>

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**PAKISTAN RAILWAY ADVISORY & CONSULTANCY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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

	Note	2024	2023
		----- Rupees -----	
<b>18.4 Cost of heritage cell department</b>			
Staff salaries and allowances		3,712,100	2,382,151
Office maintenance		157,728	204,853
Utilities		153,266	89,551
Printing and stationery		40,982	53,320
Communication		21,400	6,150
Advertisement		1,960	25,000
Travelling and conveyance		8,500	14,320
Business Promotion		7,301	6,615
Miscellaneous		411	21,910
		<b>4,103,648</b>	<b>2,803,870</b>
<b>19 Administrative expenses</b>			
Staff salaries and allowances	19.1	38,327,376	31,865,817
Director's remuneration		5,836,976	780,703
Staff retirement benefits		6,336,785	4,008,260
Travelling and conveyance		7,589,706	4,463,699
General repair and maintenance		5,059,587	3,284,443
Utilities		2,054,585	2,393,148
Vehicle running and maintenance		1,680,279	1,328,856
House requisition expense		1,950,297	1,234,508
Communication		1,075,412	744,468
Legal and professional charges		1,752,685	1,798,447
Medical reimbursement		811,667	366,511
Printing and stationery		1,297,306	799,031
Business promotion expense		487,177	209,802
Generator expenses		1,850,617	1,767,246
EOBI		737,500	538,450
Cash award		185,140	-
Newspaper and periodicals		40,150	30,310
Advertisement		146,942	-
Entertainment		208,957	39,697
ISO certification		92,800	174,000
Death compensation		-	200,000
Auditors' remuneration	19.2	168,000	150,000
Depreciation	6.3	1,676,766	1,126,641
Bank charges		28,895	13,685
Miscellaneous		20,312	40,955
		<b>79,415,917</b>	<b>57,358,677</b>
<b>19.1</b> Staff salaries and allowances include Rs. 3.82 million (2023: Rs. 4.63 million) in respect of defined contribution plan.			
		<b>2024</b>	<b>2023</b>
		----- Rupees -----	
<b>19.2 Auditors' remuneration</b>			
Annual audit fee		168,000	150,000
Out of pocket charges		-	-
		<b>168,000</b>	<b>150,000</b>
<b>20 Other income</b>			
Profit on deposits with banks		42,605,340	11,562,235
Interest on loan to employees		195,201	75,165
Other income		245,000	112,750
		<b>43,045,541</b>	<b>11,750,150</b>

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**PAKISTAN RAILWAY ADVISORY & CONSULTANCY SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024	2023
		----- Rupees -----	
<b>21 Taxation</b>			
Current tax - current year		-	-
- prior year(s)		-	(3,175,997)
Deferred tax expense / (income)	7.2	-	-
		<b>-</b>	<b>(3,175,997)</b>
<b>22 Financial instruments</b>			
<b>Financial assets as per statement of financial position</b>			
<b><u>At amortized cost</u></b>			
Trade receivables - net		377,174,391	291,730,480
Advances and other deposits		83,437,392	153,708,524
Cash and cash equivalents		153,985,785	161,446,992
		<b>614,597,568</b>	<b>606,885,996</b>
<b>Financial liabilities as per statement of financial position</b>			
<b><u>At amortized cost</u></b>			
Trade and other payables		34,398,723	36,965,803
		<b>34,398,723</b>	<b>36,965,803</b>

**Fair values of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts. Further, there are no fair value estimation uncertainties.

**Methods of determining fair values**

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. The fair value of financial assets (other than investments) and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

**Discount / interest rates used for determining fair values**

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

**Fair value hierarchy**

The company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

The company has no Level 1, Level 2 and Level 3 financial assets as at the date of statement of financial position.

**23 Financial risk management objectives**

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board).

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**PAKISTAN RAILWAY ADVISORY & CONSULTANCY SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

a) **Market risk**

i) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions in foreign currencies. The Company is exposed to foreign currency exchange risk in respect of commitments against letters of credit in foreign currency. The management does not view hedging as being financially feasible.

ii) **Other price risk**

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

iii) **Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the reporting date, the company has no financial liability that is subject to profit, interest and mark-up rate.

b) **Credit risk**

Credit risk is the risk that one party to the financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from balances with bank, trade debts, advances, deposits and other receivables. The maximum exposure to credit risk before any credit enhancement is given below:

**Maximum exposure to credit risk**

	2024	2023
	----- Rupees -----	
Trade receivables - net	377,174,391	291,730,480
Advances and other deposits	83,437,392	153,708,524
Cash and cash equivalents	153,985,785	161,446,992
	<b>614,597,568</b>	<b>606,885,996</b>

The Company attempts to control the credit risk by monitoring credit exposure, limiting transactions with specific customers and continuing assessment of credit worthiness of customers.

Based on the past experience, record of recoveries, the Company believes that the past due amount do not require any provision or impairment loss.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Date of rating	Rating agency	Rating	
			Short-term	Long-term
Allied Bank Limited	30-Jun-24	PACRA	A-1+	AAA
National Bank of Pakistan	30-Jun-24	PACRA	A-1+	AAA
United Bank Limited	30-Jun-24	VIS	A-1+	AAA
Faysal Bank Limited	30-Jun-24	PACRA	A-1+	AA
Habib Bank Limited	30-Jun-24	VIS	A-1+	AAA
Silk Bank Limited	30-Jun-24	VIS	A-2	A-

c) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and bank balances. As at June 30, 2024 the Company Rs 153.053 million (2023: Rs 160.632 million) in bank balances. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

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**PAKISTAN RAILWAY ADVISORY & CONSULTANCY SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Below mentioned financial liabilities are not exposed to profit / mark-up rate risk with contractual maturities.

	Carrying amount	Less than one years	One to two years	Two to three years	More than three years
<b>As at June 30, 2024</b>					
Trade and other payables	34,398,723	34,398,723	-	-	-
<b>As at June 30, 2023</b>					
Trade and other payables	36,965,803	36,965,803	-	-	-

**23.1 Capital risk management**

The company's objectives, policies and processes for managing capital are as follows:

To safeguard Company's ability to continue as going concern, so that it can continue to provide returns for shareholders and benefit other stakeholders; and

To provide adequate return to shareholders by pricing the products and services commensurately with the level of risk.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The capital structure of the Company consists of equity comprising of issued share capital and unappropriated profits.

Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio.

This ratio is calculated as debt divided by total capital. Debt is calculated as total borrowings non-current borrowings. Total capital is calculated as 'equity' shown in the statement of financial position plus debt. The gearing ratio as at year ended June 30, 2024 and June 30, 2023 are as follows:

	2024	2023
	----- Rupees -----	
Debt	-	-
Total Equity	674,973,553	596,758,236
Total Capital	674,973,553	596,758,236
Gearing Ratio	0 : 1	0 : 1

The Company is not exposed to externally imposed capital requirements.

**24 Transactions with related parties**

The related parties comprise of major shareholder, associated undertakings, entities under common directorship and key management personnel.

*Significant transactions with related parties are as follows:*

Name of related party and basis of relationship	Detail of transactions	2024	2023
		----- Rupees -----	
<b>Pakistan Railways - Parent Company</b>	<u>On Account of Trade receivable</u>		
	Opening balance receivable	291,730,480	303,005,049
	Services rendered during the year	143,026,944	85,420,119
	Payments received during the year	(74,969,172)	(96,694,688)
	Closing balance receivable	<u>359,788,252</u>	<u>291,730,480</u>
<b>Pakistan Railways - Parent Company</b>	<u>On Account of Advances</u>		
	Opening balance receivable	88,694,764	87,896,744
	Services rendered during the year	606,662	54,978,020
	Payments received during the year	(54,978,020)	(54,180,000)
	Closing balance receivable	<u>34,323,406</u>	<u>88,694,764</u>

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**PAKISTAN RAILWAY ADVISORY & CONSULTANCY SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**24 Ageing of receivables from related parties**

	Carrying amount	Less than one year	One to two years	Two to three years	More than three years
	----- Rupees -----				
<b>As at June 30, 2024</b>					
Pakistan Railway					
On Account of Trade receivab	359,788,252	68,057,772	40,005,145	58,187,846	193,537,489
On Account of Advances	34,323,406	606,662	-	-	33,716,744
<b>As at June 30, 2023</b>					
Pakistan Railway					
On Account of Trade receivab	291,730,480	40,005,145	58,187,846	87,281,769	106,255,720
On Account of Advances	88,694,764	54,978,020	-	-	33,716,744

**25 Remuneration of chief executive and directors**

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive and full time working Directors of the Company are as follows:

	Chief Executive		Directors		Executives	
	2024	2023	2024	2023	2024	2023
	----- Rupees -----		----- Rupees -----		----- Rupees -----	
Remuneration	4,993,388	692,129	-	-	37,920,000	31,245,200
Monitization	791,520	65,960	-	-	-	-
Medical	52,068	4,339	-	-	-	-
Other benefits	-	18,275	-	-	-	-
	<b>5,836,976</b>	<b>780,703</b>	-	-	<b>37,920,000</b>	<b>31,245,200</b>
No. of persons	1	1	9	9	18	16

- Executive means any employee whose annual salary exceeds Rs. 1.2 million.

2024	2023
Number of persons	

**26 Number of employees**

Average number of employees during the year  
 Total number of employees as at June 30th

341	461
311	475

**27 Events after the reporting period**

There are no other significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements.

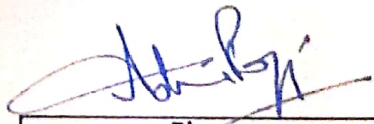
**28 Date of authorization for issue**

These financial statements have been approved and authorized for issue on 08/11/24 by the Board of Directors of the company.

**29 General**

- Figures have been rounded off to the nearest rupee.

  
08/11/2024  
 Chief Executive

  
 Director

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