Pearl-Continental
HOTELS & RESORTS

2022 | ANNUAL REPORT

SAIFUL MULUK LAKE | NARAN VALLEY

PSL
PAKISTAN SERVICES LTD.

PEARL-CONTINENTAL HOTEL, BHURBAN

Pearl-Continental

HOTELS & RESORTS

2022 ANNUAL REPORT

PAKISTAN SERVICES LTD.

CONTENTS

PEARL-CONTINENTAL HOTEL, LAHORE

VISION STATEMENT

We are committed to dynamic growth and service excellence built upon our heritage of traditional hospitality. We strive to consistently meet and surpass guests', employees' and other stakeholders' expectations. We feel pride in making efforts to position Pakistan in the forefront of the international arena.

MISSION STATEMENT

Secrets to our sustained leadership in hospitality are Excellence and Dynamism through offering competitive and innovative high quality value added services to our guests and business partners.

To meet the challenges of modern business, we constantly upgrade our operations and services in line with the latest technological facilities.

As a responsible corporate citizen, maintaining the highest level of governance, ethical standards and prudence.

Keeping close-watch at socio-political environment to make use of all available growth opportunities through aggressive and proactive approach.

Believe in strong and professional workforce by providing challenging and rewarding environment and equal respect to all through creating the sense of participation towards the success of our vision.

CORPORATE INFORMATION

Pearl Continental Hotels, a chain owned, operated and franchised by Pakistan Services Limited, sets the international standards for quality hotel accommodation across Pakistan and AJ&K and manages 7 luxury hotels in Karachi, Lahore, Rawalpindi, Peshawar, Bhurban, Muzaffarabad and Malam Jabba comprising 1,618 rooms.

BOARD OF DIRECTORS

Mr. Sadruddin Hashwani	Chairman
Mr. Murtaza Hashwani	CEO
Mr. M. A. Bawany	
Mr. Shakir Abu Bakar	
Syed Haseeb Amjad Gardezi	
Mr. M. Ahmed Ghazali Marghoob	
Ms. Ayesha Khan	
Mr. Rohail Ajmal	
Mr. Shahid Hussain	

AUDIT COMMITTEE

Mr. M. Ahmed Ghazali Marghoob	Chairman
Mr. Shahid Hussain	
Ms. Ayesha Khan	

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. M. Ahmed Ghazali Marghoob	Chairman
Mr. Murtaza Hashwani	
Ms. Ayesha Khan	

NOMINATION COMMITTEE

Mr. Murtaza Hashwani	Chairman
Mr. M. A. Bawany	
Syed Haseeb Amjad Gardezi	
Mr. Shakir Abu Bakar	

RISK MANAGEMENT COMMITTEE

Mr. Murtaza Hashwani	Chairman
Mr. M. A. Bawany	
Syed Haseeb Amjad Gardezi	
Mr. Shakir Abu Bakar	
Mr. Rohail Ajmal	

CHIEF FINANCIAL OFFICER

Mr. Tahir Mahmood

COMPANY SECRETARY

Mr. Muhammad Amir

AUDITORS

M/s KPMG Taseer Hadi & Co.
Chartered Accountants
6th Floor, State Life Building No. 5 Jinnah Avenue, Blue Area Islamabad.

LEGAL ADVISOR

M/s Liaquat Merchant & Associates

BANKERS

National Bank of Pakistan
The Bank of Punjab
Habib Bank Limited
Soneri Bank Limited
United Bank Limited
Askari Bank Limited
JS Bank Limited
Muslim Commercial Bank Limited
Silk Bank Limited
Faysal Bank Limited
Standard Chartered Bank (Pakistan) Limited
Industrial and Commercial Bank of China
Dubai Islamic Bank (Pakistan) Limited

REGISTERED OFFICE

1st Floor, NESPAK House,
Sector G-5/2, Islamabad.
Tel: +92 51-2272890-8
Fax: +92 51-2878636
http://www.psl.com.pk
http://www.pchotels.com
http://www.hashoogroup.com

SHARE REGISTRAR

M/s THK Associates (Private) Limited
Plot No. 32-C, Jami Commercial
Street-2, DHA, Phase VII
Karachi

CORPORATE OBJECTIVES

Code of Conduct

The smooth and successful flow of processes and operations can not be achieved without the active participation and concerned efforts of all the employees of the Company. Discipline and professional working environment largely depends on behavior and attitude of the employees. Hence the Company has established its own standards of:

- Confidentiality
- Attendance and punctuality
- Working relationships
- Discussion topics
- Behavior and Attitude-in-General

Core Values

Growth and development for all
Competence and contribution as the only basis for job security
Promotion from within
Learning environment and opportunities
Provision for world-class education and training
Aligning people with latest technological trends

Recognition and Reward

Achievement orientation
Appreciation
Setting ever-rising standards of performance
Performance-based evaluation
Incentives

Innovation

Listening and two-way interaction
Encouragement
Enterprise
Participation
Motivation
Initiative

Trust

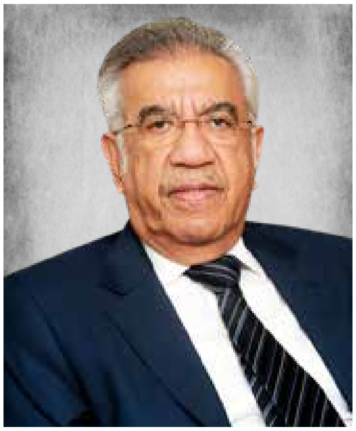
Cooperation
Integrity
Dignity
Respect
Candidness
Support
Teamwork
Sense of ownership
Empowerment

Strategic Objectives

Sustain potential market share through managed average daily rate
Ensure successful completion of all expansion projects
Seek improvement in employees' competencies and enhancing performance goals
Continue achieving sales growth to support long term plan
Reinforce all areas of security risks to Company's assets and guests


PEARL-CONTINENTAL HOTEL, MALAM JABBA

BOARD OF DIRECTORS

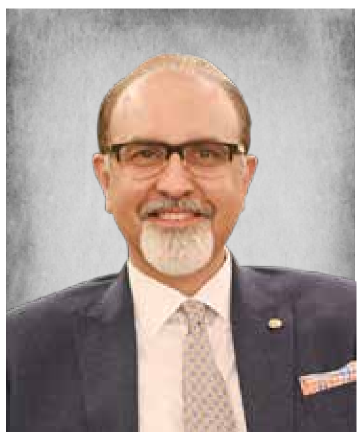


Mr. Sadruddin Hashwani

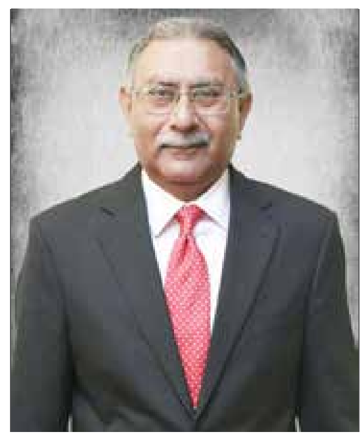
Mr. Murtaza Hashwani

Mr. M.A. Bawany

Mr. Shakir Abu Bakar



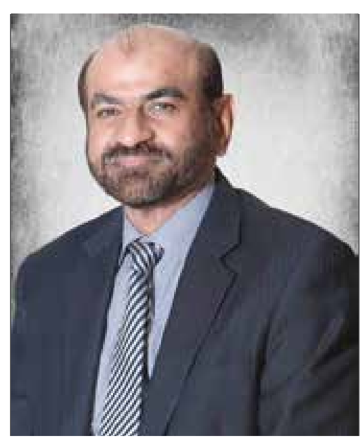
Syed Haseeb Amjad Gardezi



Mr. M. Ahmed Ghazali Marghoob

Ms. Ayesha Khan

Mr. Shahid Hussain



Mr. Rohail Ajmal

STATUTORY OFFICERS

Mr. Tahir Mahmood
Chief Financial Officer

Mr. Muhammad Amir
Company Secretary

Syed Nehal Ahmed Zaidi
Head of Internal Audit

NOTICE OF 63RD ANNUAL GENERAL MEETING

Notice is hereby given that the 63rd Annual General Meeting of Pakistan Services Limited will be held on Thursday, October 27, 2022 at 11:00 a.m. at Islamabad Marriott Hotel to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on October 27, 2021.
2. To receive, consider and adopt the Audited Financial Statements together with the Directors' and the Auditors' Reports thereon for the year ended June 30, 2022.
3. To appoint Auditors for the year 2022-23 and fix their remuneration.

SPECIAL BUSINESS:

4. To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending June 30, 2023 by passing the following special resolutions with or without modification:

   "**RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case-to-case basis for the financial year ending June 30, 2023;

   FURTHER RESOLVED THAT these transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

5. To consider any other business with the permission of the Chair.

   The Statement under Section 134(3) of the Companies Act, 2017 setting forth all material facts regarding special business given in Agenda item no. 4 is annexed to this notice.

By Order of the Board

Muhammad Amir
Company Secretary

Islamabad: September 26, 2022

Notes:

A. Any member of the Company entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote instead of him/her except in case of a corporate entity which may appoint a proxy who may not be a member. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.

B. The Share Transfer Books of the Company will remain closed from October 21, 2022 to October 27, 2022 (both days inclusive).

C. Shareholders are requested to notify the Company's Share Registrar, M/s. THK Associates (Private) Limited, Plot No. 32-C, Jami Commercial Street 2, DHA Phase VII, Karachi of any change in their address.

D. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 01 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

   a. For Attending the Meeting:

   i) In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the CDC Regulations, shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

   ii) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

   b. For Appointing Proxies:

   i) In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.

   ii) The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

   iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

   iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.

   v) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with Proxy Form to the Company.

E. As per the provisions of Section-242 of the Companies Act, 2017 and directives of Securities & Exchange Commission of Pakistan vide Circular no. 18 dated August 01, 2017, after October 31, 2017 the cash dividends will only paid through electronic mode directly in the bank accounts of the shareholders, therefore the Shareholders are requested to provide copies of their valid CNICs and Dividend Mandate including Name, Bank Account Number, Bank and Respective Branch addresses to the Company in order to enable the Company to pay cash dividend electronically. The Dividend Mandate Form is attached with printed Annual Report and also placed on Company's website www.psl.com.pk.

F. In order to transfer the amount of dividend directly into bank account, shareholders are requested to provide detail of bank account (CDC account holders to their respective members and physical shareholders to the Company or our Share Registrar.)

For any query / problem / information, the investors may contact the Company and / or the Share Registrar on the following phone numbers and e-mail addresses:

<u>Pakistan Services Limited</u>

1st Floor, NESPAK House, G-5/2, Islamabad.

Phone: 051-2272890-98 E-mail: muhammadamir@hashoogroup.com

<u>Share Registrar</u>

M/s. THK Associates (Private) Limited,

Plot No. 32-C, Jami Commercial Street 2, DHA Phase VII, Karachi

Phone: 021-111-000-322 E-mail: sfc@thk.com.pk

G. The Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Company or our Share Registrar i.e. M/s. THK Associates (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

H. The SECP vide SRO 787 (1)/2014 dated September 08, 2014 has provided an option for shareholders to receive Audited Financial Statements along with notice of Annual General meeting electronically through email. Hence, members who are interested in receiving the Annual Reports and notice of Annual General Meeting electronically, are requested to send their email addresses on the consent form placed on the Company's website www.psl.com.pk, to the Company's Share Registrar. The Company shall, however, additionally provide hard copies of the Annual Report to such members, on request, free of cost.

I. Members holding in aggregate 10% or more shareholding residing at a geographical location other than Islamabad, may participate in the meeting through video conference by submitting their application to the Company Secretary at least seven days prior to the date of the meeting. The Company will arrange video conference facility in the requested city subject to availability of such facility in that city. The Company will intimate members regarding venue of the video conference facility at least 5 days before the date of the general meeting along with complete information necessary to enable them to access such facility.

J. As per Section-72 of the Companies Act, 2017, all listed companies are required to replace their physical shares with book-entry form within four years from the promulgation of the Companies Act, 2017. Further SECP vide its letter dated March 26, 2021 had advised to comply with Section 72 of the Act and encourage shareholders to convert their physical shares into book-entry form. Accordingly, all shareholders of the Company having physical shares are requested to convert their shares into book-entry form at the earliest. The shareholders may contact the Company or Share Registrar, M/s. THK Associates (Private) Limited for the conversion of physical shares into book-entry form.

<u>STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017</u>

Agenda item number 4 of the notice – Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2023

The Company shall be conducting transactions with its related parties during the year ending June 30, 2023 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. Some of the Directors are interested in some transactions due to their common directorship in the subsidiary / associated companies. In order to promote transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case-to-case basis for the year ending June 30, 2023, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of transactions entered into with the related parties include, but are not limited to services provided, dividend received, investment made, advances paid (in accordance with the approval of Shareholders and Board where applicable) and salaries & other benefits paid to the key management personnel. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

CHAIRMAN'S REVIEW

Dear Members

I am pleased to present 63rd annual report of Pakistan Services Limited comprising unconsolidated and consolidated audited financial statements for the year ended on 30 June 2022 together with the auditors' report thereon.

THE GLOBAL ECONOMIC ENVIRONMENT

Higher global inflation, monetary tightening, COVID-19 related restrictions, and the Russia-Ukraine conflict have contracted the global GDP growth in the second quarter of 2022. According to the World Economic Outlook July 2022, global GDP is expected to grow by 3.6 percent in 2022 from 6.1 percent in 2021.

A nascent recovery in 2021 has been followed by gloomy and uncertain developments in 2022 as risks began to materialize. Global output contracted in the second quarter of this year, owing to downturns in China and Russia, while US consumer spending fell short of expectations. Several shocks have hit a world economy already weakened by the pandemic; higher than expected inflation worldwide especially in the United States and major economies, triggering inflexible financial conditions, a higher-than expected slowdown in China due to COVID-19 outbreaks and lockdowns and further negative spillovers from Russia-Ukraine conflict. Global economic growth is expected to slow from 6.1 percent in 2021 to 3.2 percent in 2022.

PAKISTAN

The economy of Pakistan is passing through high inflationary and external sector pressures due to higher commodity prices both in the international & domestic market and exchange rate depreciation besides severely hit by flood which left approx. thirty million people affected and homeless with shortage of food, water and shelter. The Government is struggling to recuperate from the devastating situation of the economy besides fighting with the flood aftermaths. The World has come forward to help Pakistan and many countries have sent food, medicine, tents, and other necessary items to Pakistan to face this calamity.

The government got successfully renewed the IMF program after fulfilling the pre-requisites laid down by IMF for abolishing all kind of subsidies besides levy of Fuel Adjustment surcharge and charge of petroleum levy this has again put pressure on Consumer Price Index and resultantly new surge of inflation in food commodities is hitting all time high i.e. 40% to 47% on month to month basis.

Government is taking all possible measures to counter these pressures so that the growth momentum may remain intact however adjustment in prices of electricity and gas, a significant increase in the non-perishable food prices, exchange rate depreciation has multiplied the challenges for Government.

Pakistan has so far managed to avoid economic meltdown like that seen in Sri Lanka. Government is grappling with multiple political and economic crises. Pakistan's rupee is not performing well and getting weak. Pakistan's foreign exchange reserves are low, and it has been unable to attract much-needed foreign investment.

PROSPECTS

Global and domestic uncertainties are still surrounding the economic outlook. In addition, recent flooding caused by abnormal heavy monsoon rains negatively impacted economic activity in several cities, which may diminish economic prospects in the current half year.

The loss of crops besides lives has added miseries to the economy of Pakistan and would require more imports, adding pressure to Pakistan's fragile current account balance. Rice and cotton crops were total damaged along with vegetables crops.

Pakistan has embarked with International Monetary Fund (IMF) lending program after successful renewal of the same, and it is hoped that it will enable to get through with both its immediate balance of payments difficulties as well as for longer-term economic stability.

OVERALL PERFORMANCE OF THE COMPANY

The historical trends after Covid-19 are positive, the situation has improved significantly during the year, and the Company, for the year under report earned operating profit of Rs. 2,044 million compared with Rs. 529 million of the previous year. However due to increase in finance cost it recorded profit before tax of Rs. 627 million as compared to loss before tax of Rs. 577 million of the last year.

The Company expects the situation will improve further in subsequent period with visible growth in revenue side and is confident that operating cash flows will be adequate to fulfill obligations when due.

Management is cognizant that the manner and timing of all the assumptions and projected results along with management's assessment and cash flow projection are always subject to variability, and these may differ on account of events and conditions outside the control of management of the Company, hence inherently achievement of projected results are subject to an uncertainty which hovers on the manner and methodology being followed toward achieving those results, which may be material. However, if there are events which are beyond predictability and controllability entailing the going concern assumption is no longer valid, this could have an impact on the Company's ability to realize assets, and to extinguish its liabilities in the normal course of business, to circumvent any probable untoward situation the Company during the year has successfully contracted for the sale of its hotel property located in Peshawar, substantial portion of sale proceeds from this property will contribute towards funding the liquidity gap and repayment of Company's borrowing obligations.

PERFORMANCE OF ROOMS DEPARTMENT

The revenue (exclusive of GST) was Rs. 4,547 million against Rs. 2,671 million in the last year indicating a rise-in revenue by Rs. 1,876 million.

PERFORMANCE OF FOOD & BEVERAGE DEPARTMENT

The revenue (exclusive of GST) was Rs. 6,631 million as against Rs. 3,581 million of the last year. The revenue of this segment has increased by Rs. 3,050 million.

PERFORMANCE OF OTHER RELATED SERVICES/LICENSE FEE/ TRAVEL & TOUR DIVISION

Revenue (exclusive of GST) during the year under review was Rs. 810 million as compared with Rs. 689 million of the prior year.

INTERNAL CONTROL SYSTEMS

Internal Control procedures are means to achieve the objectives of a business with proper execution of business activities in the light of prevailing laws and socio-economic conditions of the Country, the company has placed strong internal control procedures in pursuit of its objective.

The internal control system is introduced to avoid errors, omissions, and frauds and for systematic control of business activities. The purpose of the Company and of all its coordinate methods and measures adopted within a business are to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency and encourage adherence to preserved managerial policies. The management being mindful of importance of Internal Controls has established a system of controls to prevent risk associated with every objective. These controls include all those measures that are to be followed by the employees to provide, submit, and share correct and accurate information for decision making and the same is to be collected and reported in proper time and the internal control system is monitored from time to time by internal audit team to evaluate its effectiveness so that necessary changes may be brought to avoid any deficiency in the system.

CORPORATE SOCIAL RESPONSIBILITY & CORPORATE PHILANTHROPY

The Company's efforts in building sustainability in Pakistan are demonstrated by its contributions towards social investments on education, healthcare, vocational training, and skill development. We aim to help drive creation of shared economic and social value across Pakistan by empowering under privileged people and bring them into mainstream population. Our practical training programs help in creating skilled manpower needed in the hospitality sector.

ENERGY CONVERSATION

We are committed to cutting down wasted energy throughout the organization by promoting green technologies, reducing overall waste, and improving levels of recycling. In pursuance of the same the company has installed Solar system at its selected hotel properties.

ENVIRONMENT PROTECTION MEASURES

The Company is cognizant with its responsibility to protect the environment and is continuously imparting trainings on regular basis to its employees to save water and to be an energy efficient organization. As a symbol of our commitment to the planet, our hotels fully participate in Earth Hour movement organized by WWF in support of nature and our planet.

CUSTOMER SATISFACTION

The Company has engaged an international firm to maintain record of valuable feedbacks and suggestions received from guests which the management utilizes to further improve policies for enhanced customer experience.

Customer satisfaction is key in creating a long-term relationship and has a profound effect on business success. The company's total staff has got vaccinated and all pandemic safety measures are being strictly observed invariably across entity, this includes sanitization at entry points, elevators, passages, railings, corridors, rooms, seating areas, luggage & luggage trolleys further ranging from staff awareness & training to social distancing, hand sanitization & wearing of masks etc.

EMPLOYMENT OF SPECIAL PERSONS

The Company has an open-door policy for recruitment of Special Persons. The Company continues to employ number of individuals at different business locations.

OCCUPATIONAL SAFETY AND HEALTH

The Company has always ensured the health and safety of our valued clients, guests, employees and the general public at large and is following all pre-cautionary measures in present pandemic environment. The Company arranged training programs for staff to give awareness towards self sanitiazaiton and safety measures to be followed while interacting with Guests , besides this, Company has adopted sanitization policy ranging from all its service areas to equipment, kicthen, serving crockery, trays, trolleys and utensils. The Company is providing free of cost all related sanitization items to its employees as well as safety kits to each valued guest at the time of check-in at front office. The company is following "Safety First" principal besides 100% mandatory vaccination of its staff.

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

The Code of Ethics and Business Practices are delineated clearly, and each employee is made familiar with the same. Regular checks carried out to confirm the adherence to these codes. Any deviations are strictly dealt with.

CONTRIBUTION TO GOVERNMENT EXCHEQUER

The Company in the year under review contributed an amount of Rs. 3,859 million as against Rs. 1,999 million in the corresponding period of last year to Provincial and Federal governments in the form of general sales tax, income tax and other levies.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated revenue of the Company in the reporting year was Rs. 13,485 million, as compared to Rs. 7,077 million that of the last year. The consolidated loss before and after tax for the year under review were Rs. 362 million and Rs. 400 million respectively.

The wholly owned subsidiary company, M/s Pearl Tours and Travels (Private) Limited, engaged in the business of Rent-a-Car and arranging package tours, generated revenue of Rs. 267 million during the year under report as compared to Rs. 90 million of corresponding period of last year.

The wholly owned subsidiaries M/s City Properties (Private) Limited and M/s Elite Properties Private Limited engaged in real estate business are yet to start their commercial operations whereas M/s Pearl Continental Hotels (Private) Limited remained non-operational throughout the year 2021-22.

ACKNOWLEDGEMENTS

On behalf of the Board, I express my appreciation for the dedication to duty and professional conduct of the employees of the Company, as well as shareholders and stakeholders and in particular the Government Authorities for their advice, understanding, and support. I thank the bankers of the Company for the understanding and the cooperation they have extended and last but not the least gratitude towards our loyal and confident customers. The combined efforts of all have been instrumental in the sustainable growth of the Company against all odds. We all pray for a peaceful and prosperous Pakistan. Ameen!

For and on behalf of the Board of Directors.

SADRUDDIN HASHWANI

Chairman

26 September 2022

MIRPUR: MANIFESTATION OF DREAMS

Every large city has one iconic hotel that is woven into its very fabric. Perched at the edge of Mangla Lake, the only premium five-star hotel in Mirpur, Pearl-Continental Hotel, is overlooking fabulous 360-degree views of the landscape, with a distinctive mixture of greenery, city life, crystal clear waters and very blue skies.

Located in Bhutto Park, the heart of Mirpur, this five-star hotel is a multistorey building, spread upon an expanse of over 360,000 square feet of covered area. The hotel will be offering modern services and amenities to both business and leisure travellers. Complimented by a combination of cultures and the grand Kashmiri aura, the guests will be able to choose from an array of 163 contemporary yet comfortable rooms and suites for their stay and pick from a variety of both local and international dining options at our three signature restaurants, serving a diversity of cuisines.

Surrounded with the serenity of the green mountain side, the guests will be able to enjoy the peaceful, back-to-the-nature atmosphere, while benefitting from the modern services and amenities provided at the hotel. Our concierge and guest relations staff will be readily available to serve the guests.

At the core of our journey are the ideals of upscale services, customised care and an overall culture of brilliance in everything we offer to our valued guests. Overlooking Mangla Dam, which envelopes a person in its charm the moment they arrive, the hotel offers a host of recreational activities. From fishing to jet skiing to parasailing and everything in between, the activities are designed for the ultimate entertainment. Additionally, the guests will be able to enjoy the upcoming floating restaurant, which captures a 360-degree view of the lake and the dam. Other activities will include snorkeling, kite surfing, water polo and paddle boats. That adrenaline-pumping workout at the Health Club with all the fitness equipment for the fitness enthusiasts, or alternatively relax with a soothing massage at the Spa. No dull moments at the five-star hotel resort that caters to all your needs as one let the day's worries melt away in the swimming pool, or while indulging in retail therapy at the Shopping Arcade.

There's something totally dreamy about a wedding by the water. If you're looking for a location that's a bit more rustic, serene, or nature-inspired than a typical beach setting, lakeside wedding venues may be just right for your special day. Make your fantasy destination wedding dream come true in our beautiful banquet hall, or in the outdoors, with the most beautiful views, serving as the perfect backdrop. With customised settings, we will be delivering surpassed services for every occasion, not just meeting the demands of our guests, but also exceeding them.

From corporate meetings to private events, the hotel will be able to host various kinds of events at its multi-purpose, sizeable indoor and outdoor spaces. There will be a total of five Meeting Rooms and three Board Rooms. Our spacious halls are equipped with high-speed Wi-Fi, audio-visual and video-conferencing facilities to cater to presentations to make any event a resounding success.

The city is home to the shrine of Darbar-e-Aalia Khari Sharif and Mazar Miran Mir Sarkar, with green domes that glisten in the sunlight. Mangla Fort, Ramkot Fort and Mirupur Old City Ruins can too be explored and visitors can enjoy water sports at Bhutto Park.

Hashoo Hotels has indeed created an enchantment here on the quiet and relaxing shores of Mangla Dam, making it a perfect location for your vacation, business trip or destination wedding.

Hashoo Group's pledge to Net Zero:

An ambitious corporate decarbonization journey

Pakistan Services Limited (PSL), a publicly listed company and a subsidiary of Hashoo Group (HG), signed a landmark agreement in October 2021 with the Science Based Targets Initiative (SBTi). Through this voluntary gesture of global solidarity, it is committing to align its climate targets with the most ambitious aim of the Paris Agreement and to what science dictates: to reach Net Zero global emissions by 2050 at the latest to limit global warming to 1.5°C.

Net Zero refers to achieving a balance between the level of emissions produced and those removed from the atmosphere to reduce global warming. The Intergovernmental Panel on Climate Change (IPCC) recently reported that accomplishing 1.5°C would require State and Non-State actors to reach Net Zero CO2 emissions around 2050 (IPCC, 2018). This gave birth to the Race to Zero, UN-backed global campaign rallying non-state actors – including companies, cities, regions, financial and educational institutions – to take rigorous and immediate action to halve global emissions by 2030 and deliver a healthier, fairer zero carbon world in time.

Pakistan currently has not committed to a target Net Zero Year (Pakistan Updated NDCs, 2021). However, as a leading hospitality chain featuring signature hotels across Pakistan, Hashoo Group embarked on the corporate decarbonization journey in October 2021. The Net Zero project at HG is headed by Mr. Murtaza Hashwani, Deputy Chairman HG, with a single objective to work towards and achieve the Net Zero target well before time. The project has been tasked to Ms. Ayesha Khan, Chief Sustainability Officer, Hashoo Group. The implementing partner of this project is the knowledge-based nonprofit, Hashoo Foundation (HF) which is also headed by Ayesha Khan.

HF is facilitating the Net Zero transition by leveraging its knowledge and expertise built through years of implementing Climate Action programs across Pakistan. The HG's Net Zero transition is planned to follow a two-pronged approach to implementation in close coordination with HG's Corporate Human Resources Department and Engineering Department.

The approach undertaken will help increase awareness alongside measuring corporate emissions. The awareness sessions are mandatory for all associates working directly or indirectly with HG. The workshops contribute to capacity building of senior and technical personnel involved in the project. So far, HF has facilitated thirty-seven awareness sessions in four entities in two months, including Corporate Office, Pearl-Continental Hotel Rawalpindi, Marriott Hotel Karachi and Pearl-Continental Hotel Karachi. A total of 1,217 associates have already been made aware of Climate Change, its impact, and the Hashoo Group Net Zero pledge.

“Although we've committed to achieving Net Zero by the Year 2030, we must work together to achieve it much earlier.”

MR. MURTAZA HASHWANI
Deputy Chairman and CEO, Hashoo Group

“Hashoo Foundation is a knowledge-based organization with the motto ‘together we make a difference’; I am confident that our joint efforts with HG will bring about the desired change of reducing our GHG emissions and positioning us as industry leaders in the UN .‘Race to Zero”

MS. AYESHA KHAN
Chief Sustainability Officer, Hashoo Group;
Country Director, Hashoo Foundation

DIRECTORS' REPORT

Dear Members

The Board of Directors ("the Board") of Pakistan Services Limited ("the Company") is pleased to present the 63rd Annual Report with the audited unconsolidated financial statements of the Company for the year ended 30 June 2022 along with the Auditors' Report thereon.

Summary of unconsolidated financial performance of the Company is as follows:

	(Rupees, 000)
Operating profit	2,044,253
Un-realized loss on re-measurement of investments	(165,660)
Finance income	136,851
Finance Cost	(1,388,442)
Profit before taxation	627,002
Taxation	(17,843)
Profit for the year	609,159
Other Comprehensive Income for the year	(81,111)
Un-appropriated profit brought forward	3,195,286
Profit available for appropriation	3,891,769

Earnings per share for the year 2021-22 arrived at Rs. 18.73.

The Directors fully endorse the contents of the Chairman's Review included in the Annual Report which deals inter alia with the financial and operating results and significant deviations from the last year, major future plans, risk and uncertainties and other related matters of the Company.

At present, the Board of directors comprise of nine members including one female member and eight male members.

Following are the names of persons who, at any time during the financial year were directors of the Company:

1. Mr. Sadruddin Hashwani
2. Mr. Murtaza Hashwani
3. Mr. Muhammad Akhtar Bawany
4. Mr. Shakir Abu Bakar
5. Syed Haseeb Amjad Gardezi
6. Mr. M. Ahmed Ghazali Marghoob
7. Ms. Ayesha Khan
8. Mr. Rohail Ajmal
9. Mr. Shahid Hussain

The Composition of the Board is as follows:

Category	Names
Independent Directors	1) Mr. M. Ahmed Ghazali Marghoob 2) Mr. Rohail Ajmal 3) Mr. Shahid Hussain
Executive Directors	4) Mr. Murtaza Hashwani 5) Mr. Shakir Abu Bakar 6) Syed Haseeb Amjad Gardezi
Non-Executive Directors	7) Mr. Sadruddin Hashwani 8) Mr. Muhammad Akhtar Bawany
Female Director- Non Executive	9) Ms. Ayesha Khan

The board constituted following committees comprising of members given below:

Audit Committee	HR and Remuneration Committee
Mr. M. Ahmed Ghazali Marghoob	Mr. M. Ahmed Ghazali Marghoob
Ms. Ayesha Khan	Mr. Murtaza Hashwani
Mr. Shahid Hussain	Ms. Ayesha Khan

Nomination Committee	Risk Management Committee
Mr. Murtaza Hashwani	Mr. Murtaza Hashwani
Mr. Muhammad Akhtar Bawany	Mr. Muhammad Akhtar Bawany
Syed Haseeb Amjad Gardezi	Syed Haseeb Amjad Gardezi
Mr. Shakir Abu Bakar	Mr. Shakir Abu Bakar
	Mr. Rohail Ajmal

During the year Mr. Mansoor Khan resigned from the position of Company Secretary and Mr. Muhammad Amir was appointed as Company Secretary. The Board wishes to place on record its appreciation for the services rendered by Mr. Mansoor Khan and warmly welcomes new Company Secretary and look forward to his valuable contributions to the success of the company during his ensuing tenure.

The Company has incurred amount of Rs. 347.269 million in aggregate on account of Salary/Fee, perquisites, benefits, and performance-linked incentives etc. to its executive directors.

Kindly refer Note No. 42 of the Unconsolidated Financial Statements for detail of remuneration of Directors and Chief Executive.

The remuneration package of Directors on account of Salary, perquisites, benefits, and fee are:

Chief executive officer	Rs. 188.08 million
Executive Director	Rs. 128.57 million
Executive Director	Rs. 30.60 million

Nature of business throughout the year remains the same including business nature of subsidiaries.

The pattern of shareholding is annexed to this report.

The system of internal financial control is sound in design and has been effectively implemented and monitored.

The directors of the company have formulated and implemented adequate internal financial controls.

The company will declare dividend once its financial liabilities toward financial institutions and Sukuk holders stands paid per agreed restructuring terms.

The retiring auditors, M/s. KPMG Taseer Hadi & Co, Chartered Accountants being eligible, offer themselves for re-appointment as the Company's auditors. The Board, on the recommendation of the Audit Committee, has proposed appointment of M/s KPMG Taseer Hadi & Co, Chartered Accountants as auditors of the Company for the year ending 30 June 2023.

Murtaza Hashwani
Chief Executive Officer

M.A. Bawany
Director

Islamabad: 26 September 2022

کمپنی نے ایگزیکیٹیو ڈائرکٹرز کو 347.269 ملین روپے کی رقوم تنخواہوں/فیس، اضافی مراعات،فوائد،اور کارکردگی سے منسلکہ مراعات وغیرہ کی مد میں ادا کیے۔

ڈائرکٹرز کے معاوضہ جات کی تفصیل جاننے کے لیے براہِ کرم نوٹ نمبر 42 کا مطالعہ کریں۔

ڈائریکٹرز کے معاوضہ جات کی تفصیل درج ذیل ہے:

چیف ایگزیکٹوآفیسر	188.08	ملین روپے
ایگزیکٹوڈائریکٹر	128.57	ملین روپے
ایگزیکٹوڈائریکٹر	30.60	ملین روپے

پورے سال کے دوران کاروبار کی نوعیت،بشمول ذیلی کمپنیوں کے کاروبار کے، یکساں رہی۔

طرزِ حصص داری (The pattern of shareholding) اس رپورٹ کے ساتھ منسلک ہے۔

اندرونی مالیتی کنٹرول کا نظامضبوط ہے اور موثر طریقے سے کام کررہا ہے

کمپنی فی حصص منافع ادا کرے گی جب مالیاتی اداروں اور سکوک ہولڈرز کے واجبات ادا ہو جائیں گئے۔

کمپنی کے ڈائریکٹرز نے موثر فنانشل کنٹرول واضع جو کہ مکمل طور پر نافذ ہیں۔

ریٹائرڈ ہونے والے آڈیٹرز، کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس نے اہل ہونے کے ناطے اپنے آپ کو کمپنی کے آڈیٹرز کی صورت میں دوبارہ تقرری کے لیے پیش کیا۔۔آڈٹ کمیٹی کی سفارش پر بورڈ نے کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس کو جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز مقرر کرنے کی تجویز دی ہے۔

چیف ایگزیکٹوآفیسر
مرتضٰی ہاشوانی

ڈائریکٹر
ایم-اے- باوانی

اسلام آباد: 26 ستمبر 2022

بورڈ کی ترکیب درج ذیل ہے:

عہدہ	نام
انڈیپینڈنٹ ڈائریکٹر	1) جناب ایم احمد غزالی مرغوب 2) جناب روحیل اجمل 3) جناب شاہد حسین
ایگزیکیٹو ڈائریکٹرز	4) جناب مرتضیٰ ہاشوانی 5) جناب شاکر ابوبکر 6) سید حسیب امجد گردیزی
نان ایگزیکیٹو ڈائریکٹرز	7) جناب صدرالدین ہاشوانی 8) جناب محمد اختر باوانی
خاتون ڈائریکٹر- نان ایگزیکیٹو	9) محترمہ عائشہ خان

بورڈ نے درج ذیل کمیٹیاں تشکیل دیں:

آڈٹ کمیٹی	ایچ آر اور ریموزیشن کمیٹی
جناب ایم احمد غزالی مرغوب	جناب ایم احمد غزالی مرغوب
محترمہ عائشہ خان	جناب مرتضیٰ ہاشوانی
جناب شاہد حسین	محترمہ عائشہ خان

نومینیشن کمیٹی	رسک مینجمنٹ کمیٹی
جناب مرتضیٰ ہاشوانی	جناب مرتضیٰ ہاشوانی
جناب محمد اختر باوانی	جناب محمد اختر باوانی
سید حسیب امجد گردیزی	جناب حسیب امجد گردیزی
جناب شاکر ابوبکر	جناب شاکر ابوبکر
	جناب روحیل اجمل

ڈائریکٹرز رپورٹ

محترم حصص داران:

پاکستان سروسز لمیٹڈ (پی ایس ایل) کے بورڈ آف ڈائریکٹرز کمپنی کی 63ویں سالانہ رپورٹ بمعہ کمپنی کی محاسبہ شدہ مالی گوشورے برائے سال جو کہ مورخہ 30 جون 2022 کو اختتام پذیر ہوا بمعہ محاسب رپورٹ پیش کرتی ہے۔

کمپنی کی محاسبہ شدہ مالیاتی کارکردگی درج ذیل ہے:

(000، روپے)

کاروباری آپریشنز سے ہونے والا منافع	2,044,253
سرمایہ کاری کے دوبارہ تعینِ مقدار پر غیر حاصل شدہ نقصان	(165,660)
مالیاتی آمدن	136,851
مالیاتی لاگت	(1,388,442)
منافع قابل از ٹیکس	627,002
ٹیکس	(17,843)
دوران سال منافع	609,159
دوران سال کی دیگر جامع آمدن	(81,111)
غیر مختص منافع	3,195,286
قابل تقسیم منافع	3,891,769

سال 22-2021 کے لیے فی حصص منافع 18.73 روپے کا ہے۔

تمام ڈائرکٹرز سالانہ رپورٹ میں شامل چیئرمین کے جائزے کے اندراجات کی مکمل تائید کرتے ہیں جو علاوہ دیگر باتوں کے، مالیاتی اور دوران کار (آپریٹنگ) نتائج اور پچھلے سال کے مقابلے میں نمایاں انحرافات، مستقبل کے اہم منصوبوں، خطرات اور غیر یقینی صورت حال، اور کمپنی کے دیگر متعلقہ معاملات کا احاطہ کرتی ہے۔

موجودہ بورڈ آف ڈائرکٹرز کے ارکان کی تعداد نو ہے، جن میں ایک خاتون رکن اور آٹھ مرد اراکین شامل ہیں۔

درج ذیل میں ان اراکین کے نام ہیں جو مالی سال کے دوران کسی بھی وقت کمپنی کے ڈائرکٹرز رہے ہیں:

1. جناب صدرالدین ہاشوانی
2. جناب مرتضیٰ ہاشوانی
3. جناب ایم اے باوانی
4. جناب شاکر ابوبکر
5. سید حسیب امجد گردیزی
6. جناب ایم احمد غزالی مرغوب
7. محترمہ عائشہ خان
8. جناب روحیل اجمل
9. جناب شاہد حسین

KEY OPERATING AND FINANCIAL DATA

		2022	2021	2020	2019	2018	2017
Profitability Ratios							
Gross profit ratio	%	**41.39**	31.64	33.42	39.74	46.35	44.66
Net profit to sales	%	**5.08**	(5.70)	(21.35)	(8.45)	4.71	11.71
EBIDTA margin to sales	%	**25.11**	24.16	11.39	16.24	21.46	26.36
Return on equity	%	**1.35**	(1.15)	(4.99)	(2.47)	1.38	3.58
Return on capital employed	%	**1.11**	(0.85)	(3.84)	(1.81)	1.07	2.89
Return on assets	%	**0.92**	(0.72)	(3.14)	(1.60)	0.98	2.71
Liquidity Ratios							
Current ratio		**1.06**	1.15	0.58	1.10	1.45	2.50
Quick / acid test ratio		**1.02**	1.11	0.55	1.05	1.38	2.40
Cash and bak to current liabilities		**0.03**	0.03	0.04	0.04	0.31	0.10
Cash flow from operations to sales		**0.07**	0.07	(0.02)	0.004	0.14	0.16
Activity Turnover Ratios							
Inventory turnover	Days	24	24	19	18	18	19
Debtors turnover	Days	43	48	14	30	36	35
Creditors turnover	Days	54	68	63	27	35	18
Operating cycle	Days	13	4	(30)	21	19	36
Property, plant & equipment turnover	Times	**0.24**	0.17	0.19	0.25	0.26	0.30
Total assets turnover	Times	**0.18**	0.13	0.15	0.19	0.21	0.23
Investment / Market Ratios							
Earnings/ (loss) per share - basic and diluted	Rs	**18.73**	(12.17)	(53.62)	(26.55)	15.24	35.33
Price earning ratio	Rs	**82.22**	(73.94)	(19.02)	(38.42)	64.98	25.54
Dividend yield ratio	%	-	-	-	-	1.01	1.66
Dividend payout ratio	%	-	-	-	-	65.63	42.46
Dividend cover ratio	%	-	-	-	-	1.52	1.77
Cash dividend per share	Rs	-	-	-	-	10.00	15.00
Market value per share at year end	Rs	**1,540.00**	900.00	1,020.00	1,020.00	990.00	902.50
Highest market value per share during the year	Rs	**1,757.90**	988.00	1,066.00	1,060.00	1,045.00	980.00
Lowest market value per share during the year	Rs	**887.13**	842.00	894.00	900.00	900.00	699.99
Breakup value per share (Including the effect of surplus on revaluation of property, plant & equipment).	Rs	**1,388**	1,061	1,074	1,073	1,102	987
Breakup value per share (Excluding surplus on revaluation of property, plant & equipment).	Rs	**187**	166	175	227	255	256
Capital Structure Ratios							
Financial leverage ratio		**0.30**	0.42	0.40	0.42	0.31	0.23
Long term debt : Equity (Including the effect of surplus on revaluation of property, plant & equipment)		**0.19**	0.33	0.27	0.33	0.27	0.21
Long term debt : Equity (Excluding surplus on revaluation of property, plant & equipment)		**1.39**	2.10	1.64	1.57	1.16	0.82
Interest cover ratio		**1.47**	0.43	(0.16)	0.89	2.43	4.43
Summary of Cash Flows							
Net cash flow from operating activities	(Rs.000)	**786,143**	488,929	(123,098)	44,292	1,518,433	1,600,646
Net cash flow from investing activities	(Rs.000)	**427,284**	67,160	(79,271)	(5,034,912)	(3,894,336)	(6,095,428)
Net cash flow from financing activities	(Rs.000)	**(706,832)**	(622,075)	(1,022,868)	3,273,770	3,158,697	4,046,367
Net change in cash and cash equivalents	(Rs.000)	**506,595**	(65,986)	(1,225,237)	(1,716,850)	782,794	(448,415)

HORIZONTAL ANALYSIS

Balance Sheet

(Rs. '000)	2022	22 Vs 21	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16
		%		%		%		%		%		%
Equity												
Share Capital	325,242	-	325,242	-	325,242	-	325,242	-	325,242	-	325,242	-
Capital reserves	269,424	-	269,424	-	269,424	-	269,424	-	269,424	-	269,424	-
Revenue reserves	5,491,769	14.17	4,810,061	(5.46)	5,087,599	(24.96)	6,779,566	(12.12)	7,714,976	(0.35)	7,741,860	7.69
Revaluation surplus on property, plant and equipment	39,067,870	34.23	29,105,049	-	29,243,030	-	27,530,740	-	27,530,741	-	23,779,515	-
Total equity	45,154,305	30.84	34,509,776	(1.19)	34,925,295	0.06	34,904,972	(2.61)	35,840,383	11.60	32,116,041	1.75
Liabilities												
Loans and borrowings	8,451,722	(25.46)	11,338,247	21.58	9,325,615	(19.67)	11,609,181	20.23	9,655,774	41.50	6,824,002	209.43
Lease liabilities	213,491	65.13	129,287	(38.64)	210,697	849.38	22,193	-	-	-	-	-
Deferred government grant	4,638	(77.92)	21,004	(30.33)	30,148	-	-	-	-	-	-	-
Employee benefits	872,791	27.46	684,741	(1.96)	698,462	(9.72)	773,666	16.15	666,088	10.98	600,182	16.55
Deferred tax liability-net	-	-	-	(100.00)	239,465	(44.31)	429,984	57.77	272,545	30.02	209,611	15.54
Other Non Current Liabilities	12,934	(31.21)	18,801	100.00	-	-	-	-	-	-	-	-
Non-current liabilities	9,555,576	(21.62)	12,192,080	16.07	10,504,387	(18.16)	12,835,024	21.15	10,594,407	38.78	7,633,795	163.08
Trade and other payables	2,532,060	23.81	2,045,151	(7.66)	2,214,846	42.61	1,553,107	(20.39)	1,950,874	19.54	1,632,042	2.33
Contract liabilities	710,863	38.74	512,381	26.85	403,933	1.00	399,943	-	-	-	-	-
Markup payable	-	-	-	-	-	-	-	-	-	-	103,859	22.39
Short term borrowings	2,241,140	(14.22)	2,612,631	(6.93)	2,807,284	121.99	1,264,583	121.56	570,768	67.90	339,943	
Current portion of loans and borrowings	4,879,957	59.62	3,057,314	(32.45)	4,525,870	47.19	3,074,897	97.78	1,554,669	212.46	497,562	(0.49)
Current portion of lease liabilities	100,546	12.67	89,241	(14.83)	104,785	690.65	13,253	-	-	-	-	-
Advance against non-current assets held for sale	875,000	-	-	(100.00)	12,000	-	-	-	-	-	-	-
Unclaime dividend	9,242	-	9,242	-	9,242	-	9,242	-	9,242	-	16,588	92.88
Unpaid dividend	1,528	-	1,528	-	1,528	-	1,528	(92.05)	19,210	-	-	-
Current liabilities	11,350,336	36.30	8,327,488	(17.38)	10,079,488	59.57	6,316,553	53.88	4,104,763	58.49	2,589,994	18.36
Total equity and liabilities	66,060,217	20.05	55,029,344	(0.86)	55,509,170	2.69	54,056,549	6.96	50,539,553	19.37	42,339,830	15.51
Assets												
Property, plant and equipment	49,534,613	24.72	39,716,318	(9.20)	43,738,846	8.10	40,462,093	1.34	39,925,287	21.30	32,915,428	4.10
Advances for capital expenditure	1,121,685	1.55	1,104,612	(17.45)	1,338,170	(34.95)	2,057,190	34.26	1,532,203	13.75	1,346,935	10.35
Intangible Assets	123,896	63.92	75,585	100.00	-	-	-	-	-	-	-	-
Investment property	80,000	14.29	70,000	7.69	65,000	8.33	60,000	-	60,000	20.00	50,000	11.11
Long term investments	1,037,794	-	1,037,794	-	1,037,794	-	1,037,794	-	1,037,794	-	1,037,794	-
Advances against equity investment	1,874,071	(43.65)	3,325,571	(2.55)	3,412,571	-	3,412,571	69.39	2,014,570	1,837.09	104,000	100.00
Long term advance	-	-	-	-	-	-	-	-	-	-	400,000	100.00
Long term deposits and prepayments	21,773	(22.74)	28,181	(16.27)	33,657	(45.99)	62,316	64.12	37,970	70.09	22,323	(6.35)
Deffered Tax Assets-net	287,702	261.88	79,502	100.00	-	-	-	-	-	-	-	-
Non-current sssets	54,081,534	19.02	45,437,563	(8.44)	49,626,038	5.38	47,091,964	169.12	44,607,824	1,962.23	35,876,480	219.20
Inventories	394,715	10.94	355,806	22.81	289,712	(7.63)	313,644	12.05	279,917	8.13	258,874	(9.02)
Trade debts	781,041	92.86	404,972	107.16	195,492	(64.02)	543,377	(22.89)	704,692	17.13	601,610	13.78
Contract assets	27,654	20.96	22,863	538.99	3,578	(87.97)	29,752	-	-	-	-	-
Advances, prepayments, trade deposits,		-										
and other receivables	432,135	44.90	298,225	(19.69)	371,355	(7.45)	401,258	33.93	287,185	(92.31)	3,895,250	1,677.61
Short term investments	1,753,240	36.07	1,288,487	1.15	1,273,816	(25.79)	1,716,437	(45.04)	3,134,661	127.36	1,373,707	13.66
Short Term Advances	-	-	-	-	-	(100.00)	515,000	1,187.50	40,000	-	-	-
Advance income tax - net	541,212	9.22	495,508	2.97	481,238	5.79	454,898	109.73	216,899	242.92	63,251	(26.75)
Non-current assets held for sale	7,659,099	18.89	6,442,198	121.48	2,908,739	5.82	2,748,739	-	-	-	-	-
Cash and bank balances	389,587	37.31	283,722	(21.01)	359,202	49.00	241,080	(80.98)	1,268,375	368.26	270,658	(28.61)
Current assets	11,978,683	24.88	9,591,781	63.04	5,883,132	(15.52)	6,964,185	17.41	5,931,729	(8.23)	6,463,350	138.81
Total assets	66,060,217	20.05	55,029,344	(0.86)	55,509,170	2.69	54,056,149	6.96	50,539,553	19.37	42,339,830	15.51
Profit and Loss Account												
Revenue - Gross	14,228,668	73.54	8,198,862	(14.39)	9,576,845	(20.08)	11,982,998	(3.07)	12,362,265	7.07	11,545,612	7.07
Discount and Commissions	(294,405)	71.81	(171,352)	30.90	(130,905)	(3.84)	(136,138)	(19.24)	(168,561)	(5.82)	(178,970)	18.81
Sales tax	(1,945,775)	79.06	(1,086,689)	(14.94)	(1,277,527)	(21.56)	(1,628,765)	(2.26)	(1,666,453)	7.19	(1,554,656)	4.95
Revenue - net	11,988,488	72.72	6,940,821	(15.03)	8,168,413	(20.06)	10,218,095	(2.94)	10,527,251	7.29	9,811,986	7.22
Cost of sales and services	(7,026,233)	48.09	(4,744,596)	(12.77)	(5,438,898)	(11.67)	(6,157,666)	9.04	(5,647,370)	4.01	(5,429,680)	9.30
Gross profit	4,962,255	125.94	2,196,225	(19.54)	2,729,515	(32.78)	4,060,429	(16.79)	4,879,881	11.35	4,382,306	4.75
Other income	147,651	(55.56)	332,253	9.03	304,743	64.31	185,469	22.02	151,998	10.72	137,283	14.28
Administrative expenses	(2,898,746)	45.83	(1,987,791)	(31.48)	(2,901,127)	(9.26)	(3,197,078)	(2.17)	(3,268,064)	23.02	(2,656,605)	11.45
(Allowance for)/reversal of impairment loss on												
trade debtos	(166,907)	(236.37)	122,392	(204.62)	(116,986)	410.52	(22,915)	-		-		-
Other expense	-	(100.00)	(134,394)	(55.34)	(300,895)	-	-	-	-	-	(40,509)	(94.92)
Operating profit / (loss)	2,044,253	286.67	528,685	(285.67)	(284,750)	(127.76)	1,025,905	(41.84)	1,763,815	(3.22)	1,822,475	62.36
Finance income	136,851	33.57	102,458	(39.45)	169,207	(32.65)	251,218	153.09	99,262	11.27	89,211	(38.43)
(loss)/ gain on remeasurement of investments												
to fair value - net	(165,660)	(1,010.67)	18,191	2,598.96	674	(100.14)	(491,660)	96.29	(250,474)	(251.69)	165,120	41.30
Finance cost	(1,388,442)	13.20	(1,226,577)	(29.04)	(1,728,614)	49.73	(1,154,494)	59.13	(725,513)	76.18	(411,802)	145.48
Net finance cost	(1,417,251)	28.15	(1,105,928)	(29.05)	(1,558,733)	11.74	(1,394,936)	59.11	(876,725)	456.75	(157,471)	(267.54)
Profit/ (loss) before taxation	627,002	208.62	(577,243)	(68.69)	(1,843,483)	399.55	(369,031)	(141.60)	887,090	(46.72)	1,665,004	36.87
Income tax	(17,843)	(109.84)	181,351	82.32	99,469	(120.12)	(494,367)	26.26	(391,534)	(24.11)	(515,929)	(12.74)
Profit / (loss) for the year	609,159	253.87	(395,892)	(77.30)	(1,744,014)	101.99	(863,398)	(274.23)	495,556	(56.87)	1,149,075	83.79
Earnings/ (loss) per share - basic and diluted (Rupees)	18.73	253.87	(12.17)	(77.30)	(53.62)	101.99	(26.55)	(274.23)	15.24	(56.87)	35.33	83.79

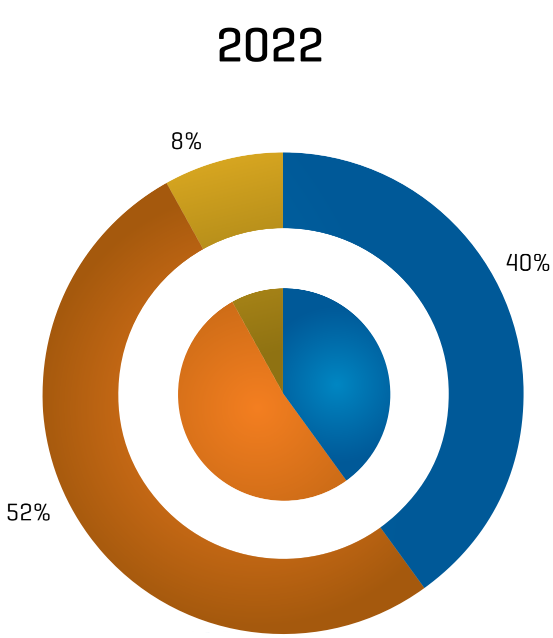
VERTICAL ANALYSIS

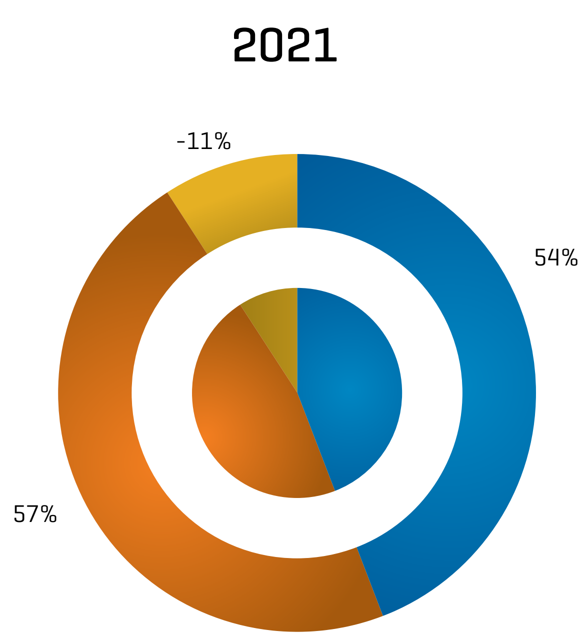
Balance Sheet

(Rs. '000)	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%
Equity												
Share Capital	325,242	0.49	325,242	0.59	325,242	0.59	325,242	0.60	325,242	0.64	325,242	0.77
Capital reserves	269,424	0.41	269,424	0.49	269,424	0.49	269,424	0.50	269,424	0.53	269,424	0.64
Revenue reserves	5,491,769	8.31	4,810,061	8.74	5,087,599	9.17	6,779,566	12.54	7,714,976	15.27	7,741,860	18.29
Revaluation surplus on property, plant and equipment	39,067,870	59.14	29,105,049	52.89	29,243,030	52.68	27,530,740	50.93	27,530,741	54.47	23,779,515	56.16
Total equity	45,154,305	68.35	34,509,776	62.71	34,925,295	62.92	34,904,972	64.57	35,840,383	70.92	32,116,041	75.85
Liabilities												
Loans and borrowings	8,451,722	12.79	11,338,247	20.60	9,325,615	16.80	11,609,181	21.48	9,656,299	19.11	6,824,002	16.12
Lease liabilities	213,491	0.32	129,287	0.23	210,697	0.38	22,193					
Deferred government grant	4,638	0.01	21,004	0.04	30,148	0.05	-					
Employee benefits	872,791	1.32	684,741	1.24	698,462	1.26	773,666	1.43	666,088	1.32	600,182	1.42
Deferred tax liability-net	-	-	-	-	239,465	0.43	429,984	0.80	272,545	0.54	209,611	0.50
Other Non Current Liabilities	12,934	0.02	18,801	0.03	-	-	-	-	-	-	-	-
Non current liabilities	9,555,576	14.46	12,192,080	22.16	10,504,387	18.92	12,835,024	23.74	10,594,932	20.96	7,633,795	18.03
Trade and other payables	2,532,060	3.83	2,045,151	3.72	2,214,846	3.99	1,553,107	2.87	1,950,875	3.86	1,632,042	3.85
Contract Liabilities	710,863	1.08	512,381	0.93	403,933	0.73	399,943	0.74				
Markup payable	-	-	-	-	-	-	-	-	223,910	0.44	103,859	0.25
Short term borrowings	2,241,140	3.39	2,612,631	4.75	2,807,284	5.06	1,264,583	2.34	553,868	1.10	339,943	0.80
Current portion of loans and borrowings	4,879,957	7.39	3,057,314	5.56	4,525,870	8.15	3,074,497	5.69	1,347,134	2.67	497,562	1.18
Current portion of lease liabilities	100,546	0.15	89,241	0.16	104,785	0.19	13,253					
Advance against non-current assets held for sale	875,000	1.32	-	-	12,000	0.02	-	-	-	-	-	-
Unclaime dividend	9,242	0.01	9,242	0.02	9,242	0.02	9,242	0.02	9,242	0.02	16,588	0.04
Unpaid dividend	1,528	0.00	1,528	0.00	1,528	0.00	1,528	0.00	19,210	0.04	-	
Current liabilities	11,350,336	17.18	8,327,488	15.13	10,079,488	18.16	6,316,153	11.68	4,104,239	8.12	2,589,994	6.12
Total equity and liabilities	66,060,217	100.00	55,029,344	100.00	55,509,170	100.00	54,056,149	100.00	50,539,554	100.00	42,339,830	100.00
Assets												
Property, plant and equipment	49,534,613	74.98	39,716,318	72.17	43,738,846	78.80	40,462,093	74.85	39,925,287	79.00	32,915,428	77.74
Advance for capital expenditure	1,121,685	1.70	1,104,612	2.01	1,338,170	2.41	2,057,190	3.81	1,532,203	3.03	1,346,935	3.18
Intangible Asset	123,896	0.19	75,585	0.14	-	-	-	-	-	-	-	-
Investment property	80,000	0.12	70,000	0.13	65,000	0.12	60,000	0.11	60,000	0.12	50,000	0.12
Long term investments	1,037,794	1.57	1,037,794	1.89	1,037,794	1.87	1,037,794	1.92	1,037,794	2.05	1,037,794	2.45
Advance for equity investment	1,874,071	2.84	3,325,571	6.04	3,412,571	6.15	3,412,571	6.31	2,014,570	3.99	104,000	0.25
Long term advance	-	-	-	-	-	-	-	-	-	-	400,000	0.94
Long term deposits and prepayments	21,773	0.03	28,181	0.05	33,657	0.06	62,316	0.12	37,970	0.08	22,323	0.05
Deffered tax assets-net	287,702	0.44	79,502	0.14	-	-	-	-	-	-	-	-
Non-current assets	54,081,534	81.87	45,437,563	82.57	49,626,038	89.40	47,091,964	87.12	44,607,824	88.26	35,876,480	84.73
	-	-										
Inventories	394,715	0.60	355,806	0.65	289,712	0.52	313,644	0.58	279,917	0.55	258,874	0.61
Trade debts	781,041	1.18	404,972	0.74	195,492	0.35	543,377	1.01	704,692	1.39	601,610	1.42
Contract Assets	27,654	0.04	22,863	0.04	3,578	0.01	29,752	0.06	-	-	-	-
Advances, prepayments, trade deposits,	-	-	-	-	-	-	-	-	-	-		
and other receivables	432,135	0.65	298,225	0.54	371,355	0.67	401,258	0.74	299,613	0.59	3,895,250	9.20
Short term investments	1,753,240	2.65	1,288,487	2.34	1,273,816	2.29	1,716,437	3.18	3,123,231	6.18	1,373,707	3.24
Short Term Advance	-	-	-	-	-	-	515,000	0.95	40,000	0.08	-	-
Advance income tax - net	541,212	0.82	495,508	0.90	481,238	0.87	454,898	0.84	216,899	0.43	63,251	0.15
Assets held for sale	7,659,099	11.59	6,442,198	11.71	2,908,739	5.24	2,748,739	5.08	-	-	-	-
Cash and bank balances	389,587	0.59	283,722	0.52	359,202	0.65	241,080	0.45	1,267,377	2.51	270,658	0.64
Current assets	11,978,683	18.13	9,591,781	17.43	5,883,132	10.60	6,964,185	12.88	5,931,729	11.74	6,463,350	15.27
	-	-										
Total assets	66,060,217	100.00	55,029,344	100.00	55,509,170	100.00	54,056,149	100.00	50,539,553	100.00	42,339,830	100.00
Profit and Loss Account												
Revenue - gross	14,228,668	100.00	8,198,862	100.00	9,576,845	100.00	11,982,998	100.00	12,362,265	100.00	11,545,612	100.00
Discounts and commissions	(294,405)	(2.07)	(171,352)	(2.09)	(130,905)	(1.37)	(136,138)	(1.14)	(168,561)	(1.36)	(178,970)	(1.55)
Sales tax	(1,945,775)	(13.68)	(1,086,689)	(13.25)	(1,277,527)	(13.34)	(1,628,765)	(13.59)	(1,666,453)	(13.48)	(1,554,656)	(13.47)
Revenue - net	11,988,488	84.26	6,940,821	84.66	8,168,413	85.29	10,218,095	85.27	10,527,251	85.16	9,811,986	84.98
Cost of sales and services	(7,026,233)	(49.38)	(4,744,596)	(68.36)	(5,438,898)	(56.79)	(6,157,666)	(51.39)	(5,647,370)	(45.68)	(5,429,680)	(47.03)
Gross profit	4,962,255	34.88	2,196,225	31.64	2,729,515	33.42	4,060,429	39.74	4,879,881	46.35	4,382,306	44.66
Other income	147,651	1.04	332,253	4.05	304,743	3.18	185,469	1.55	151,998	1.23	137,283	1.19
Administrative expenses	(2,898,746)	(20.37)	(1,987,791)	(24.24)	(2,901,127)	(30.29)	(3,197,078)	(26.68)	(3,268,064)	(26.44)	(2,656,605)	(23.01)
Reversal /(allowance for) impairment loss on trade debtos	(166,907)	(1.17)	122,392	1.49	(116,986)	(1.22)	(22,915)	(0.19)	-	-	-	-
Other expense	-	-	(134,394)	(1.64)	(300,895)	(3.14)	-	-	-	-	(40,509)	(0.35)
Operating profit /(loss)	2,044,253	14.37	528,685	6.45	(284,750)	(2.97)	1,025,905	8.56	1,763,815	14.27	1,822,475	15.79
Finance income	136,851	0.96	102,458	1.25	169,207	1.77	251,218	2.10	99,262	0.80	89,211	0.77
Gain/ (loss) on remeasurement of investments to fair value - net	(165,660)	(1.16)	18,191	0.22	674	0.01	(491,660)	(4.10)	(250,474)	(2.03)	165,120	1.43
Finance cost	(1,388,442)	(9.76)	(1,226,577)	(14.96)	(1,728,614)	(18.05)	(1,154,494)	(9.63)	(725,513)	(5.87)	(411,802)	(3.57)
Net finance cost	(1,417,251)	(9.96)	(1,105,928)	(13.49)	(1,558,733)	(16.28)	(1,394,936)	(11.64)	(876,725)	(7.09)	(157,471)	(1.36)
Profit / (loss) before taxation	627,002	4.41	(577,243)	(7.04)	(1,843,483)	(19.25)	(369,031)	(3.08)	887,090	7.18	1,665,004	14.42
Income tax	(17,843)	(0.13)	181,351	2.21	99,469	1.04	(494,367)	(4.13)	(391,534)	(3.17)	(515,929)	(4.47)
Profit / (loss) for the year	609,159	5.08	(395,892)	(5.70)	(1,744,014)	(21.35)	(863,398)	(8.45)	495,556	4.71	1,149,075	11.71
Earnings/ (loss) per share - basic and diluted (Rupees)	18.73		(12.17)		(53.62)		(26.55)		15.24		35.33	

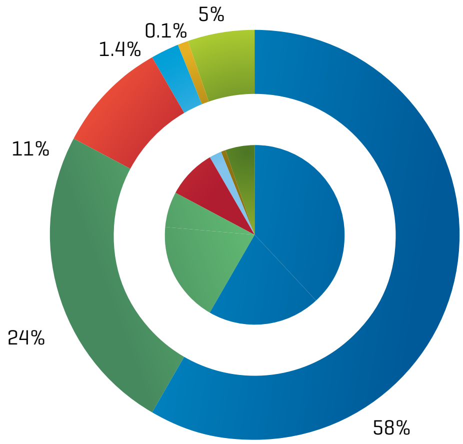
STATEMENT OF VALUE ADDITION & ITS DISTRIBUTION

	2021-22	2020-21
	(Rupees'000)	
VALUE ADDED		
Sales and Services (Inclusive of GST and other taxes)	13,934,263	8,027,510
Other operating income - net	118,842	452,902
	14,053,105	8,480,412
Cost of sales and other expenses (Excluding salaries, wages and benefits & taxes)	(6,622,600)	(4,989,522)
	7,430,505	3,490,890
DISTRIBUTION		
Salaries, wages and benefits	2,962,062	1,888,105
Government (Taxes & Levies)	3,859,284	1,998,677
Retained in Business	609,159	(395,892)
	7,430,505	3,490,890

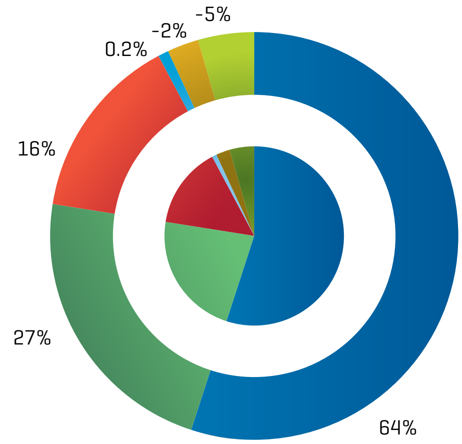




APPLICATION OF SALES & OTHER INCOME
FINANCIAL YEAR 2021-22

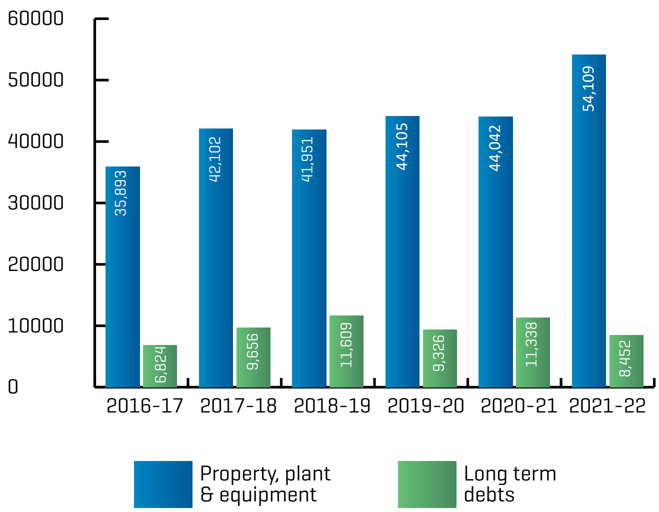


APPLICATION OF SALES & OTHER INCOME
FINANCIAL YEAR 2020-21

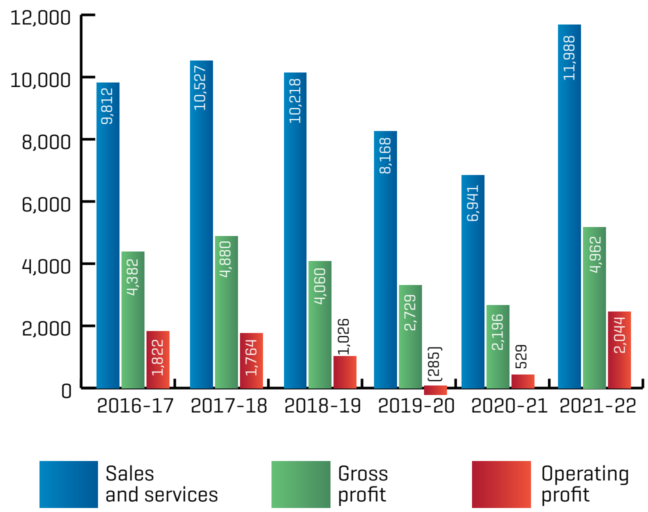


Cost of sales
Administrative expenses
Finance cost
Loss/ (Profit) after tax
Taxation
Other expenses

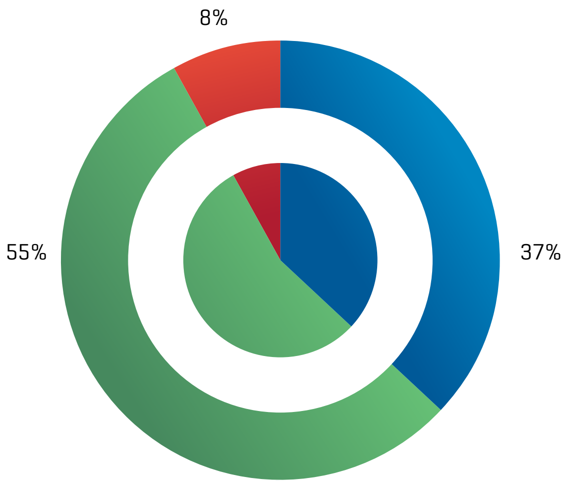
PROPERTY, PLANT & EQUIPMENT AT COST V/s LONG TERM DEBTS



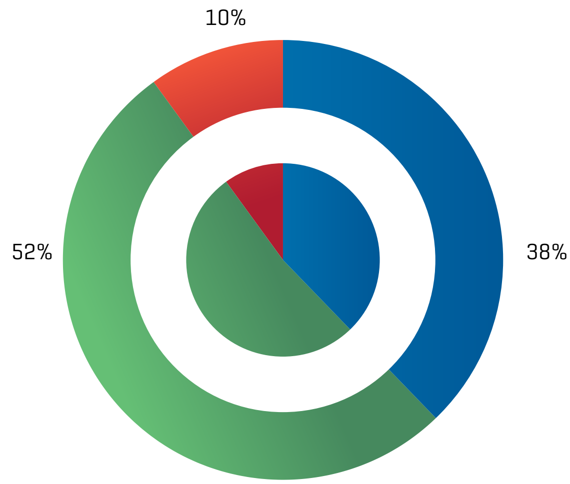
SALES AND SERVICES GROSS PROFIT OPERATING PROFIT



CONTRIBUTION OF MAJOR REVENUE GENERATING DEPARTMENTS
FINANCIAL YEAR 2021-22

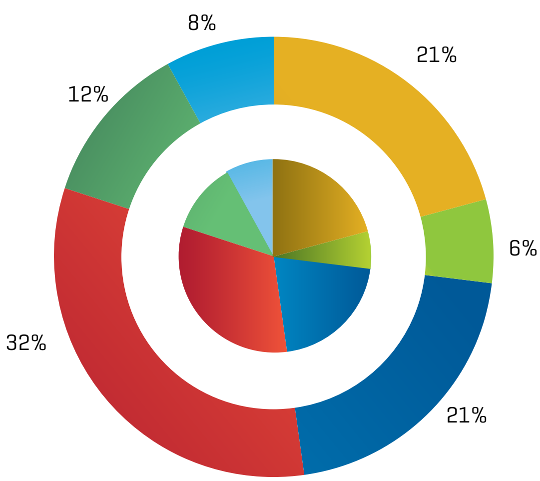


CONTRIBUTION OF MAJOR REVENUE GENERATING DEPARTMENTS
FINANCIAL YEAR 2020-21

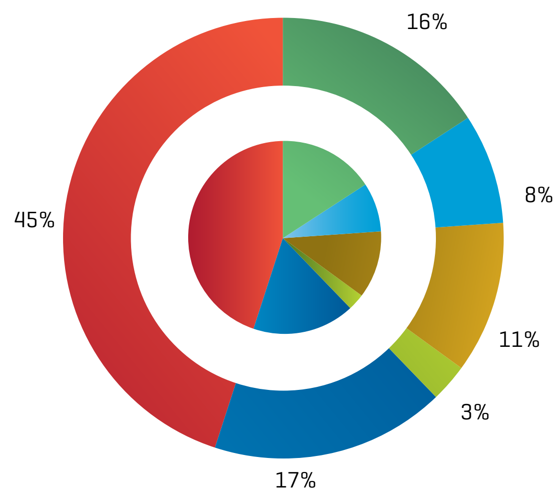


Room revenue
Food and beverage
Other related services

ROOM REVENUE
2021-22



FOOD AND BEVERAGES REVENUE - HOTEL WISE
2021-22



PCH - KARACHI
PCH - LAHORE
PCH-RAWALPINDI
PCH - PESHAWAR
PCH - BHURBAN
PCH - MUZAFFARABAD

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

FOR THE YEAR ENDED 30 JUNE 2022

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are nine (9) as per the following:
   a. Male: Eight
   b. Female: One
2. The composition of board is as follows:

Category	Names
Independent Directors	1. Mr. M. Ahmed Ghazali Marghoob 2. Mr. Rohail Ajmal 3. Mr. Shahid Hussain
Executive Directors	4. Mr. Murtaza Hashwani 5. Mr. Shakir Abu Bakar 6. Syed Haseeb Amjad Gardezi
Non-Executive Directors	7. Mr. Sadruddin Hashwani 8. Mr. M. A. Bawany
Non- Executive Female Director	9. Ms. Ayesha Khan

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of total nine directors, six directors namely Mr. M. A. Bawany, Mr. Shakir Abu Bakar, Syed Haseeb Amjad Gardezi, Ms. Ayesha Khan, Mr. M. Ahmed Ghazali Marghoob and Mr. Rohail Ajmal have undertaken the Directors' Training Program till 30 June 2022 and two Directors namely Mr. Sadruddin Hashwani and Mr. Murtaza Hashwani are exempted from the subject requirement in terms of the proviso to Regulation 19(2) of the Listed Companies (Code of Corporate Governance) Regulations, 2019. Mr. Shahid Hussain was out of the country, hence he has not attended the Directors Training Program until 30 June 2022.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

Name of Committee	Name of Member
Audit Committee	1. Mr. M. Ahmed Ghazali Marghoob (Chairman) 2. Ms. Ayesha Khan 3. Mr. Shahid Hussain
HR & Remuneration Committee	1. Mr. M. Ahmed Ghazali Marghoob (Chairman) 2. Mr. Murtaza Hashwani 3. Ms. Ayesha Khan
Nomination Committee	1. Mr. Murtaza Hashwani (Chairman) 2. Mr. M. A. Bawany 3. Mr. Shakir Abu Bakar 4. Syed Haseeb Amjad Gardezi
Risk Management Committee	1. Mr. Murtaza Hashwani (Chairman) 2. Mr. M. A. Bawany 3. Mr. Shakir Abu Bakar 4. Syed Haseeb Amjad Gardezi 5. Mr. Rohail Ajmal

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. Audit Committee meetings were held once every quarter and Human Resource and Remuneration Committee meeting was held once during the year.

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32 ,33 and 36 are below:

    One director has not acquired the prescribed certification under any director training program as required under regulation 19(1)(iii).

Sadruddin Hashwani

Chairman

26 September 2022

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

PEARL-CONTINENTAL HOTEL, LAHORE

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Pakistan Services Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2022, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit, the 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 Auditors' Responsibilities for the Audit of the Unconsolidated 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.

Material Uncertainty Relating to Going Concern

We draw attention to Note 2.3 of the financial statements, which indicates that as 30 June 2022 current liabilities of the Company exceeded its current assets (excluding non-current assets held for sale) by Rs. 7,031 million (2021: Rs. 5,177 million) and as at that date, the Company's obligation due under financing and lease agreements aggregates to Rs. 7,136 million (2021: Rs. 5,716 million). These events or conditions, along with other matters as set forth in Note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Relating to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our audit report.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

Following or the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** Refer notes 3.16.1 and 30.1 to the unconsolidated financial statements. The Company recognized revenue of Rs. 5,327million and Rs. 7,793 million from rooms and sale of food and beverages respectively for the year ended 30 June 2022. We identified recognition of revenue from rooms and sale of food and beverages as a key audit matter because these are key performance indicators of the Company and gives rise to an inherent risk that rooms and food and beverage revenues could be subject to misstatement to meet expectations or targets.	Our audit procedures to assess the recognition of revenue from rooms and food and beverages, amongst others, included the following: ● obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; ● comparing a sample of revenue transactions recorded during the year with sales invoices and other relevant underlying documents; ● comparing a sample of revenue transactions recorded around the year- end with bookings, sales invoices and other relevant underlying documentation to evaluate if the related revenue was recorded in the appropriate accounting period; ● comparing the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the underlying documentation; ● assessing whether the accounting policies for revenue recognition complies with the requirements of the accounting and reporting standards as applicable in Pakistan; and ● assessing the adequacy of presentation and disclosures related to revenue as required under the accounting and reporting standards as applicable in Pakistan.
2	**Revaluation of Land** Refer notes 3.1 and 15 to the unconsolidated financial statements. The Company recognized revaluation surplus aggregating to Rs. 10,131 million on its freehold land. Revaluation was performed on 30 June 2022. We identified the revaluation of the Company's freehold land as a key audit matter due to significance of the amount of revaluation surplus in relation to the unconsolidated financial statements.	Our audit procedures to assess the revaluation of freehold land, included the following: ● obtaining and inspecting the valuation reports prepared by the external expert engaged by the Company and on which the management's assessment of the valuation of freehold land was based; ● evaluating the information provided by the Company to the external professional valuer by inspecting the relevant underlying documentation; ● involving a valuation expert engaged by us to assist in evaluating the appropriateness of valuation methodology and assessing the reasonableness of key estimates and assumptions adopted in the valuations report by the valuer engaged by the Company; ● checking that the revaluation surplus has been recorded in the unconsolidated financial statements as per applicable accounting policy; and assessing the adequacy of the disclosures made in unconsolidated financial statements in accordance with the applicable financial reporting framework.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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.

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Atif Zamurrad Malik.

KPMG Taseer Hadi & Co.

Chartered Accountants

Islamabad

5 October 2022

UDIN: AR202210111HIGvV48JM

INDEPENDENT AUDITORS' REVIEW REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pakistan Services Limited for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in regulations as applicable to the Company for the year ended 30 June 2022.

Further, we highlight below instance of non-compliance with the requirement of Regulation as reflected in the note 19 in the Statement of Compliance:

	Reference	Description
i	19 (1) (iii)	As stated in para 19, one director has not acquired the prescribed certification under any director training program as required under regulation 19 (1) (iii).

KPMG Taseer Hadi & Co.

Chartered Accountants

Islamabad

05 October 2022

UDIN: CR202210111vJxEwMSqU

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	30 June 2022	30 June 2021
		(Rupees'000)	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve	5	269,424	269,424
Revenue reserves	6	5,491,769	4,810,061
Revaluation surplus on property, plant and equipment	7	39,067,870	29,105,049
Total equity		45,154,305	34,509,776
LIABILITIES			
Loans and borrowings	8	8,451,722	11,338,247
Lease liabilities	9	213,491	129,287
Deferred government grant	8.5	4,638	21,004
Employee benefits	10	872,791	684,741
Other non-current liabilities		12,934	18,801
Non-current liabilities		9,555,576	12,192,080
Short term borrowings	11	2,241,140	2,612,631
Current portion of loans and borrowings	8	4,879,957	3,057,314
Current portion of lease liabilities	9	100,546	89,241
Trade and other payables	12	2,532,060	2,045,151
Contract liabilities	31	710,863	512,381
Advance against non-current assets held for sale	27	875,000	-
Unpaid dividend	13	1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		11,350,336	8,327,488
Total equity and liabilities		66,060,217	55,029,344
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

	Note	30 June 2022	30 June 2021
		(Rupees'000)	
ASSETS			
Property, plant and equipment	15	49,534,613	39,716,318
Advances for capital expenditure	16	1,121,685	1,104,612
Intangible assets	17	123,896	75,585
Investment property	18	80,000	70,000
Long term investments	19	1,037,794	1,037,794
Advances against equity investment	20	1,874,071	3,325,571
Long term deposits	21	21,773	28,181
Deferred tax assets - net	22	287,702	79,502
Non-current assets		54,081,534	45,437,563
Inventories	23	394,715	355,806
Trade debts	24	781,041	404,972
Contract assets	31	27,654	22,863
Advances, prepayments, trade deposits and other receivables	25	432,135	298,225
Short term investments	26	1,753,240	1,288,487
Non-current assets held for sale	27	7,659,099	6,442,198
Advance income tax - net	28	541,212	495,508
Cash and bank balances	29	389,587	283,722
Current assets		11,978,683	9,591,781
Total assets		66,060,217	55,029,344

Murtaza Hashwani	M.A. Bawany	Tahir Mahmood
Chief Executive Officer	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022	30 June 2021
		(Rupees'000)	
Revenue - net	30	11,988,488	6,940,821
Cost of sales and services	32	(7,026,233)	(4,744,596)
Gross profit		4,962,255	2,196,225
Other income	33	147,651	332,253
Administrative expenses	34	(2,898,746)	(1,987,791)
(Allowance for) /reversal of impairment loss on trade debts	24	(166,907)	122,392
Other expense	35	-	(134,394)
Operating profit		2,044,253	528,685
Finance income	36	136,851	102,458
(Loss)/ gain on remeasurement of investments to fair value - net		(165,660)	18,191
Finance cost	37	(1,388,442)	(1,226,577)
Net finance cost		(1,417,251)	(1,105,928)
Profit / (loss) before taxation		627,002	(577,243)
Income tax	38	(17,843)	181,351
Profit / (loss) for the year		609,159	(395,892)
Earnings / (loss) per share - basic and diluted (Rupees)	39	18.73	(12.17)

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Murtaza Hashwani	M.A. Bawany	Tahir Mahmood
Chief Executive Officer	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022	30 June 2021
		(Rupees'000)	
Profit / (loss) for the year		609,159	(395,892)
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss			
Remeasurement of defined benefit liability - gratuity	10.1.4	(114,241)	(27,643)
Surplus on revaluation of property, plant and equipment		10,131,256	-
Related tax		33,130	8,016
Other comprehensive income for the year - net of tax		10,050,145	(19,627)
Total comprehensive income for the year		10,659,304	(415,519)

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Murtaza Hashwani	M.A. Bawany	Tahir Mahmood
Chief Executive Officer	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Share capital	Capital reserve	Surplus on revaluation of property, plant and equipment	Revenue reserves		Total equity
				General reserve	Unappropriated profit	
	Rupees '000					
Balance at 01 July 2020	325,242	269,424	29,243,030	1,600,000	3,487,599	34,925,295
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(395,892)	(395,892)
Other comprehensive income for the year	-	-	-	-	(19,627)	(19,627)
Total comprehensive income for the year	-	-	-	-	(415,519)	(415,519)
Transfer on disposal	-	-	(137,981)	-	137,981	-
Balance at 30 June 2021	325,242	269,424	29,105,049	1,600,000	3,210,061	34,509,776
Balance at 01 July 2021	325,242	269,424	29,105,049	1,600,000	3,210,061	34,509,776
Impact of change in accounting policy - net of tax (refer note -03)	-	-	-	-	(14,775)	(14,775)
Adjusted balance at 01 July 2021	325,242	269,424	29,105,049	1,600,000	3,195,286	34,495,001
Total comprehensive income for the year						
Profit for the year	-	-	-	-	609,159	609,159
Other comprehensive income for the year	-	-	10,131,256	-	(81,111)	10,050,145
Total comprehensive income for the year	-	-	10,131,256	-	528,048	10,659,304
Transfer on disposal	-	-	(168,435)	-	168,435	-
Balance at 30 June 2022	325,242	269,424	39,067,870	1,600,000	3,891,769	45,154,305

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Murtaza Hashwani	M.A. Bawany	Tahir Mahmood
Chief Executive Officer	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022	30 June 2021
		(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	40	3,357,502	1,602,612
Working capital changes			
(Increase) / decrease in current assets			
Inventories		(38,909)	(67,819)
Trade debts		(563,786)	(87,088)
Contract assets		(4,791)	(19,285)
Advances		(2,506)	27,807
Trade deposits and prepayments		(7,575)	27,355
Other receivables		(123,829)	17,968
(Decrease) / increase in liabilities			
Trade and other payables		458,380	(394,372)
Contract liabilities		198,482	108,448
Non-current liabilities		(5,867)	18,801
Cash used in operations		(90,401)	(368,185)
Staff retirement benefit - gratuity paid		(34,870)	(74,802)
Compensated leave absences paid		(18,184)	(42,281)
Income tax paid	28	(232,582)	(143,870)
Finance cost paid		(2,195,322)	(484,545)
Net cash generated from operating activities		786,143	488,929
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(1,024,706)	(779,658)
Advance for capital expenditure		(17,073)	(943)
Proceeds from disposal of property, plant and equipment	15.1.9	216,501	52,209
Procurement of intangible asset		(92,202)	(49,150)
Equity refunded from subsidiary		1,451,500	87,000
Short term investments		(628,056)	-
Advance against non-current asset held for sale		875,000	-
Increase in non-current asset held for sale		(493,557)	-
Proceed against non-current asset held for sale		-	645,939
Dividend income received		60,452	52,811
Receipts of return on bank deposits and short term investments		73,017	53,476
Long term deposits and prepayments		6,408	5,476
Net cash generated from investing activities		427,284	67,160
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		(592,433)	(393,103)
Proceeds from long-term financing		-	29,136
Lease liabilities paid	41.1	(106,199)	(99,908)
Repayment of loan to director		-	(150,000)
Transaction cost paid		(8,200)	(8,200)
Net cash used in financing activities		(706,832)	(622,075)
Net increase /(decrease) in cash and cash equivalents		506,595	(65,986)
Cash and cash equivalents at beginning of the year		(2,294,564)	(2,228,578)
Cash and cash equivalents at end of the year	41	(1,787,969)	(2,294,564)

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Murtaza Hashwani	M.A. Bawany	Tahir Mahmood
Chief Executive Officer	Director	Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1 THE COMPANY AND ITS OPERATIONS

Pakistan Services Limited ("the Company") was incorporated on 06 December 1958 in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) as a public limited company and is quoted on Pakistan Stock Exchange Limited.

The Company is principally engaged in the hotel business and owns and manages the chain of Pearl Continental Hotels in Pakistan. The Company also grants franchise to use its trademark and name "Pearl Continental". Further, the Company is also in the process of constructing hotels in Multan and Mirpur, Azad Jammu and Kashmir.

The registered office of the Company is situated at 1st Floor, NESPAK House, Sector G-5/2, Islamabad. The addresses of lands, hotel buildings and other properties owned by the Company located in Karachi, Lahore, Rawalpindi, Bhurban, Peshawar, Multan, Muzaffarabad and Mirpur are disclosed in note 15.1.5.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated 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 Standards), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017; and

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

In case the requirements of the Companies Act, 2017 differ from the IFRS Standards or IFAS, the requirements of the Companies Act, 2017 have been followed.

2.2 Basis of measurement and preparation

These unconsolidated financial statements have been prepared under historical cost convention except for the following items, which are measured on an alternative basis on each reporting date.

Item	Measurement basis
Land	Revaluation model
Investment property	Fair value
Investments classified as fair value through profit or loss	Fair value
Investments classified as fair value through other comprehensive income	Fair value
Employee benefits - Net defined benefit liability	Present value of the defined benefit liability, determined through actuarial valuation

The method used to measure fair values are disclosed in respective policy notes.

These unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiary companies, associates and jointly controlled entity are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2.3 **Going concern basis of accounting**

These unconsolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue its operations and will discharge its liabilities including repayment of loans and interest thereon, in the normal course of business. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

Current liabilities of the Company as at 30 June 2022 exceeds its current assets (excluding non-current assets held for sales) by Rs. 7,031 million (2021: 5,177 million). The Company's obligation due under financing and lease agreements as at 30 June 2022 aggregates to Rs. 7,136 million (2021: 5,716 million). This liquidity position is mainly due to adverse impact of COVID-19 on hoteling industry during the year 2020 and 2021.

As evident from the operating results during the year, the situation has improved significantly during the year. Operating profit during the year remained at Rs. 2,044 million, which have increase by Rs. 1,516 million compared to the last year. Further there has been a net increase in cash and cash equivalents by Rs. 507 million during the year. This increase in cash and cash equivalents during the year is after the repayment of the Company's debt obligations aggregating Rs. 2,788 million during the year. Management expects the situation to improve in foreseeable period and is confident that operating cash flows along with cash flows from sale of certain assets will be adequate to support the Company's operations and to fulfill obligations as and when due. The Company during the year has successfully contracted for the sale of its hotel property located in Peshawar, substantial portion of sale proceeds from this property will contribute towards funding the liquidity gap and repayment of Company's borrowing obligations.

The historical trends after Covid-19 are positive and the Company during the year has earned profit after tax of Rs. 609 million as compared to loss of Rs. 396 million during previous year. The Company's asset base remains strong as evident by further increase in value of its properties. The surplus on revaluation of assets increased by Rs. 9,963 million during the year. This strong asset base is reflected in net equity of the Company which stood at Rs. 45,154 million as at the reporting date.

The Company has been promptly meeting its debts obligations as and when due in recent past. All above indicators along with the projected cash flows indicate the Company's ability to meet its funding obligation. Accordingly, management has a reasonable expectation that the Company will have adequate resources to continue its operational existence and manage its obligations for the foreseeable future and shall remain a going concern.

Management acknowledges that the manner and timing of all the assumptions and projected results envisaged in management's assessment and cash flow projection are always subject to unforeseen variability, and these may differ due to events and conditions outside the control of management, hence inherently an uncertainty remains on the manner of achievement of projected results, which may be material. However, incase due to unforeseen and uncontrollable events, the going concern assumption is no longer valid, this could have an impact on the Company's ability to realize its assets, and to extinguish its liabilities in the normal course of business.

2.4 **Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

These unconsolidated financial statements are presented in Pakistan Rupees (Rupee or PKR), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

2.5 Use of estimates and judgments

In preparing these unconsolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The areas where various assumptions and estimates are significant to the Company's unconsolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

- Note 3.1 & 15.1 - useful lives, reassessed values, residual values and depreciation method of property, plant and equipment
- Note 14 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3.14 & 10 - measurement of defined benefit obligations: key actuarial assumptions
- Note 3.15, 22 & 38 - recognition of deferred tax liabilities and assets and estimation of income tax provisions
- Note 3.10.1 & 24 - measurement of allowance for expected credit loss
- Note 2.3 – going concern basis of accounting

2.6 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair value, both for financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows;

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in 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 (unobservable inputs).

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If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set out below have been applied consistently to all periods presented in these unconsolidated financial statements expect for the change presented below.

During the year Securities and Exchange Commission of Pakistan issue an SRO. 177(I)/2021 dated 13th September 2021 through which only financial assets due from Government of Pakistan in respect of circular debt will be exempt from the requirements of calculating expected credit loss as per the requirements of IFRS 9 "Financial Instruments" till 30 June 2022. As the Company's receivable from Government of Pakistan is not in respect of circular debt, the Company has recorded the impact of expected credit loss on opening balances of financial asset due from Government of Pakistan in the Statement of Changes in Equity. These has been no change in classification of financial assets and financial liabilities due to this change in accounting policy.

3.1 Property, plant and equipment and advances for capital expenditure

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses except for:

- land (free hold and lease hold) which is carried at revalued amount
- capital work in progress and advance for capital expenditure which are stated at cost less impairment loss, if any.

Land (free hold and lease hold) are recognized at revalued amounts based on valuation by external independent valuer. Long term leases of land in which the Company obtains control of the land are accounted for as property, plant and equipment and presented as 'leasehold land'. Revaluation surplus on property, plant and equipment is credited to shareholders' equity and presented as a separate line item in statement of financial position. Increases in the carrying amounts arising on revaluation of land are recognized, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in profit or loss, the increase is first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

Cost comprises of purchase price and other directly attributable costs less refundable taxes. The cost of self-constructed assets includes the cost of materials and direct labor, and any other costs directly attributable to bringing the assets to a working condition for their intended use. The completed or / acquired capital work in progress and advance for capital expenditure is transferred to the respective item of operating fixed assets when it becomes available for intended use.

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If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognized in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the diminishing balance method over their estimated useful lives on monthly basis and is recognized in profit or loss. Capital work in progress is not depreciated. Rates of depreciation are mentioned in note 15.1.

Depreciation on additions to property, plant and equipment is charged on prorate basis from the month in which property, plant and equipment is acquired or capitalized while no depreciation is charged for the month in which property, plant and equipment is disposed off / derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

3.2 Intangible asset

Intangible assets are measured at cost, less accumulated amortization, and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the entity.

Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the diminishing balance method over their estimated useful lives, on monthly basis and is recognized in profit or loss. Amortization rate is mentioned in note 17.

Amortization on additions to intangible assets is charged on prorata basis from the month in which intangible assets is acquired or capitalized while no Amortization is charged for the month in which intangible assets is disposed off / derecognized.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

3.3 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

Right of use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Rates of depreciation are mentioned in note 15.1.

The Company presents right of use assets that do not meet the definition of investment property in 'property, plant and equipment' in the statement of financial position.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments.

Short term leases and low-value assets

The Company has elected not to recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and the leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.4 Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

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3.5 Investments

All purchases and sale of investments are recognized using settlement date accounting that is, the date on which investments are delivered to or by the Company. All investments are derecognized when the right to receive economic benefits from the investments has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership.

3.5.1 Investments in subsidiaries

Investments in subsidiaries are initially recognized at cost. At subsequent reporting dates, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in profit or loss. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to their revised recoverable amounts but limited to the extent of initial cost of investments. Reversal of impairment loss is recognized in the profit or loss.

The profits and losses of subsidiaries are carried forward in their financial statements and not dealt within these unconsolidated financial statements except to the extent of dividend declared by the subsidiaries. Gain and losses on disposal of investments is included in other income. When the disposal of investment in subsidiary resulted in loss of control such that it becomes an associate the retained investment is carried at fair value.

3.5.2 Investments in associates and jointly controlled entities

Associates

Investments in associates, where the Company has significant influence but not control over the financial and operating policies, are classified as fair value through profit or loss (Refer note 3.5.3).

Jointly controlled entities

Investments in jointly controlled entities are initially recognized at cost. At subsequent reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in the unconsolidated profit or loss. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the unconsolidated profit or loss. Gain and losses on disposal of investment is included in other income.

The profits or losses of jointly controlled entities are carried forward in their financial statements and not dealt within these unconsolidated financial statements except to the extent of dividend declared by the jointly controlled entity.

3.5.3 Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified as fair value through profit or loss and designated as such upon initial recognition. These are stated at fair value with any resulting gains or losses recognized directly in profit or loss. The Company recognized the regular way purchase or sale of financial assets using settlement date accounting.

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3.6 Inventories

3.6.1 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at weighted average cost and net realizable value except for items in transit which are stated at cost incurred up to the unconsolidated statement of financial position date less impairment, if any. Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amounts of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stores, spare parts and loose tools.

3.6.2 Stock in trade

These are valued at lower of cost and net realizable value. Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make a sale. The Company reviews the carrying amount of stock in trade on a regular basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stock in trade.

3.7 Financial instruments

The Company initially recognizes financial assets on the date when they are originated. Trade and other receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

3.7.1 Financial assets

Classification

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

(a) Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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(b) **Fair value through other comprehensive income (FVOCI)**

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms 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 (FVTPL)**

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

Subsequent measurement

Financial assets at amortized cost	These assets are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in unconsolidated profit or loss. Any gain or loss on de-recognition is recognized in unconsolidated profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in unconsolidated profit or loss. Other net gains and losses are recognized in unconsolidated OCI. On de-recognition, gains and losses accumulated in unconsolidated OCI are reclassified to unconsolidated profit or loss.
Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in unconsolidated profit or loss.
Equity investment at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in unconsolidated profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in unconsolidated OCI and are never reclassified to unconsolidated profit or loss.

De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

3.7.2 **Financial liabilities**

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

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the unconsolidated statement of profit or loss for the year in which it arises.

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3.7.3 Offsetting

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

3.8 Trade and other receivables

Trade and other receivables are initially stated at fair value of consideration to be received. Subsequent to initial recognition these are carried at their amortized cost as reduced by appropriate charge for expected credit losses, if any. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortized cost using the effective interest method. Impairment of trade debts and other receivables is described in note 3.10.

3.9 Trade and other payables

Trade and other payables are initially carried at the fair value of the consideration to be paid in future for goods and services received. Subsequent to initial recognition, these are carried at amortized cost.

3.10 Impairment

3.10.1 Impairment of financial assets

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost, other than those due from the Government of Pakistan entities. For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

3.10.2 Impairment of non-financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the absence of any information about the fair value of a cash-generating unit, the recoverable

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amount is deemed to be the value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in unconsolidated statement of profit or loss. Impairment losses in respect of cash-generating units are allocated to the carrying amounts of assets in the cash-generating unit group on pro-rata basis. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.11 Provisions

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

3.12 Contingent liabilities

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

3.13 Share capital and dividend

Ordinary shares are classified as equity and recognized at their face value. Dividend distribution to the shareholders is recognized as liability in the period in which it is declared.

3.14 Employee benefits

3.14.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.14.2 Defined contribution plan – Provident Fund

The Company operates a defined contribution provident fund scheme for permanent employees. Contributions to the fund are made monthly by the Company and employees at an agreed rate of salary, the fund is managed by its Board of Trustee. The contributions of the Company are charged to profit or loss.

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3.14.3 Defined benefit plans

(a) Gratuity

The Company operates defined benefit plan comprising an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme.

The Company's net liability in respect of this defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit liability is performed annually by a qualified actuary using the projected unit credit method (PUC).

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the year by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(b) Compensated leave absences

The Company operates defined benefit plan comprising an unfunded compensated leave absences scheme covering all eligible employees as specified by the scheme.

The Company recognizes provision for compensated absences on the un-availed balance of privilege leaves of all its permanent employees. The calculation of defined benefit liability is performed annually by a qualified actuary using the projected unit credit method (PUC) and related expense related to defined benefit plans are recognized in profit or loss.

3.15 Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax

Provision for current tax is based on taxable income for the year at the applicable tax rates after taking into account tax credit and tax rebates, if any and any adjustment to tax payable in respect of previous year.

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Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this assumption. Deferred tax assets and liabilities are offset if certain criteria are met.

3.16 Revenue recognition

The Company generates revenue from room rentals, food and beverages sales, franchise & management fee, shop license fees and revenue from minor operating departments.

3.16.1 Revenue from contracts with customers

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers including significant payment terms, and the related revenue recognition policies.

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Type of services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policy
Room revenue	The performance obligation is satisfied at the point in time when control of room is transferred to the customer, which is mainly at the time of handing over of room key. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Room revenue is recognized on the rooms occupied on daily basis and after completing all other obligation related to the room.
Food and beverages revenue	The performance obligation is satisfied at the point in time when food and beverages are served to the customer. For service charges levied on food and beverages, the performance obligation is satisfied at the point in time when the food and beverages are served. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Food and beverages revenue is recognized on consumption of food and beverages by the customer.
Revenue from other related services	The performance obligation is satisfied at the point in time / over time when services are provided to the customer. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Revenue from other related services is recognized when the services are provided.
Revenue from franchise & management fee	The performance obligation is satisfied over time when franchise rights and management services are provided to the customer. There is no financing component involved.	Revenue from franchise & management fee other related services is recognized when the services are provided.

Contract cost

The contract cost is the incremental cost that the Company incurs to obtain a contract with customers that it would not have incurred if the contract had not been obtained. The Company recognized contract cost as an expense in the statement of profit or loss on a systematic pattern of revenue.

Contract assets

The contract assets primarily relate to the Company's right to consideration for service provided but not billed at the reporting date. The contract assets are transferred to trade debts when the rights become unconditional. This usually occurs when the Company issue an invoice to the customer.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfer services to a customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company perform its performance obligation under the contract.

3.16.2 Other income

Communication towers and other rental income is recognized on a straight-line basis over the agreed terms. The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits. Other income is recognized on an accrual basis. Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

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3.17 Non-current assets held for sale

Non-current assets are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses, if any, on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Once classified as held-for-sale, property, plant and equipment are no longer amortized or depreciated.

3.18 Foreign currency transactions and translation

Transactions in foreign currencies are translated in PKR (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into PKR at the rates of exchange approximating those prevalent at the date of unconsolidated statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognized in the unconsolidated profit or loss.

3.19 Operating profit

Operating profit is the result generated from continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes finance income, finance costs, income taxes and reversals of impairment.

3.20 Finance income and finance costs

The Company's finance income and finance costs include interest income, dividend income, interest expense, foreign currency gain or loss on financial assets and financial liabilities. Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

Mark-up, interest and other charges on borrowings used for the acquisition and construction of qualifying assets are capitalized up to the date when the qualifying assets are substantially ready for their intended use. Borrowing cost is included in the related property, plant and equipment acquired/constructed out of the proceeds of such borrowings.

3.21 Government grant

The Company recognizes government grants as deferred income at fair value when there is reasonable assurance that they will be received, and the Company will comply with the conditions associated with grant. Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

3.22 Ijarah contracts

Assets held under Ijarah arrangement are not recognized in the Company's unconsolidated statement of financial position. Payments made under ijarah contracts are charged to profit or loss on a straight-line basis over the term of the Ijarah lease arrangement.

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3.23 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short term investments and short-term borrowings under mark-up arrangements, used by the Company in the management of its short-term commitments.

3.24 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

3.25 Earnings per share

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

3.26 Standards, Interpretations and Amendments to the Approved Accounting Standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2022:

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment

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comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

  IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

  IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

- Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The Company is currently in the process of determining the impact of above amendments on its financial statements.

3.27 **Following new standards, amendments or interpretations became effective during the period 01 July 2021, but they do not have a material effect on the Company's unconsolidated financial statements:**

Effective date	New standards or amendments
1 January 2022	Amendments to IFRS 3, amendments to business combinations
1 January 2022	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
1 January 2022	Amendments relevant to IFRS-09(B-3.3.6), IFRS-16(Illustrative Example-13), IAS-41(Paragraph 22), reporting periods beginning on or after 1 January 2022.
1 January 2022	Fees paid or received between the entity (the borrower) and the lender, Paragraph B3.3.6 of IFRS 9
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

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4 SHARE CAPITAL

4.1 **Authorised share capital**

Authorized share capital is 200,000,000 (2021: 200,000,000) ordinary share of Rs. 10 each.

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

2022	2021		2022	2021
Number of shares			(Rupees'000)	
		Ordinary shares of Rs.10 each		
25,672,620	25,672,620	- Fully paid in cash	256,726	256,726
362,100	362,100	- For consideration other than cash (against property)	3,621	3,621
6,489,450	6,489,450	- Bonus shares	64,895	64,895
32,524,170	32,524,170		325,242	325,242

4.2.1 All ordinary shares rank equally with regard to the Company's residual assets. Holders of the shares are entitled to dividends from time to time and are entitled to one vote per share at the general meetings of the Company.

4.2.2 As of the reporting date 10,540,416 (2021: 10,540,416) and 503,657 (2021: 580,733) ordinary shares of Rs. 10 each were held by associated companies and directors of the Company respectively.

4.3 **Capital management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for share holders and benefits for other stake holders, and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to share holders and/or issue new shares. There were no changes to Company's approach to capital management during the year.

	Note	2022	2021
5 CAPITAL RESERVES		(Rupees'000)	
Share premium	5.1	269,424	269,424

5.1 Capital reserve represents share premium as and when received.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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		Note	2022	2021
			(Rupees'000)	
6	REVENUE RESERVES			
	General reserve		1,600,000	1,600,000
	Unappropriated profits		3,891,769	3,210,061
			5,491,769	4,810,061
7	REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT			
	Balance at 01 July		29,105,049	29,243,030
	Surplus on revaluation recognized during the year		10,131,256	-
	Transferred to revenue reserves		(168,435)	(137,981)
	Balance at 30 June		39,067,870	29,105,049
8	LOANS AND BORROWINGS - SECURED			
a.	**Non current portion**			
	Term Finance Loan - 1	8.1	534,035	539,515
	Term Finance Loan - 2	8.2	1,662,520	1,679,577
	Term Finance Loan - 3	8.3	1,765,539	1,932,879
	Term Finance Loan - 4	8.4	1,800,000	1,984,476
	Term Finance Loan - 5	8.5	147,884	284,040
	Sukuk	8.6	6,390,184	6,455,742
	Transaction cost		(27,080)	(28,056)
			12,273,082	12,848,173
	Current portion of loans		(3,970,016)	(2,334,690)
			8,303,066	10,513,483
	Markup accrued - non-current		148,656	824,764
			8,451,722	11,338,247
b.	**Current portion**			
	Current portion of loans		3,970,016	2,334,690
	Markup accrued		909,941	722,624
			4,879,957	3,057,314

8.1 This represents outstanding balance of term finance loan of Rs. 350 million and Rs. 500 million carrying markup of 3-month KIBOR plus 1.5% (2021: 3-month KIBOR plus 1.5%) per annum. These are secured against first pari passu equitable mortgage charge on land and building of Pearl Continental Hotel, Rawalpindi for an amount of Rs. 1,534 million (2021: Rs. 1,534 million), ranking hypothecation charge over all present and future movable assets of Pearl Continental Hotel, Rawalpindi to the extent of Rs. 734 million (2021: Rs. 734 million). The loan was restructured in last year with grace period, and the outstanding loan amount is repayable in twenty quarterly installments starting from 01 July 2022.

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8.2 This represents outstanding balance of term finance loan of Rs. 2,150 million carrying markup of 3-month KIBOR plus 0.75% (2021 :3-month KIBOR plus 0.75%) per annum payable quarterly. This facility is secured against charge over land and building of Pearl Continental Hotel, Rawalpindi and Peshawar to the extent of Rs. 1,200 million (2021: Rs. 1,200 million) and Rs. 1,667 million (2021: Rs. 1,667 million) respectively. The loan was restructured in last year with grace period, and the outstanding loan amount is repayable in twenty quarterly installments starting from 01 July 2022.

8.3 This represents outstanding balance of term finance loan of Rs. 3,000 million carrying markup of 3-month KIBOR plus 0.75% (2021: 3-month KIBOR plus 0.75%) per annum payable quarterly. This facility is secured against ranking equitable mortgage charge over land and building of Pearl Continental Hotel, Karachi and ranking hypothecation charge on all present and future fixed and current assets of Pearl Continental Hotel, Karachi to the extent of Rs. 4,000 million (2021: Rs. 4,000 million). The loan facility has been restructured in last year and as per restructured term additional security by way of mortgage charge over Pearl Continental hotel Multan has been registered in favor of the bank and personal guarantees of major shareholders are also provided to the bank. The restructuring agreement also requires the Company to accumulate cash reserves from disposal of certain properties and bank has an unconditional right to initiate, debt property swap of Pearl Continental Hotel, Multan by 31 March 2022 in case as proceeds from disposal of properties is not materialised, however by the end of year the bank has not yet initiated the debt property swap. Regular loan repayment and markup has been served during the year as per term of agreement.

In view of the lender's unconditional right to initiate debt property swap in respect of Pearl Continental Hotel, Multan, the outstanding balance of principal amount and accrued mark up of this loan facility has been classified as 'current'.

8.4 This represents term finance loan of Rs. 2,000 million carrying markup of 6-month KIBOR plus 0.65% per annum payable semi-annualy (2021: 6-month KIBOR plus 0.65%) per annuum. This facility is secured against first pari passu equitable mortgage charge over land and building and first pari passu hypothecation charge on all present and future moveable assets of Pearl Continental Hotel, Peshawar with 25% margin. The loan was restructured in last year with grace period, and the outstanding loan amount is repayable in ten equal semi annual installments started from May 2022. The loan contained a covenant stating that the debt coverage service ratio shall be maintained at 1.5 times. The Company could not meet the minimum threshold as at 30 June 2022. However, the management obtained a waiver from the bank, accordingly the loan was not payable on demand as at 30 June 2022.

8.5 This represents outstanding balance of loan facility of Rs. 448 million availed under the State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries to the workers. The loan is extended at below-market rate of 3% per annum (2021: 3% per annum) payable quarterly and is secured against first pari passu ranking charge over fixed assets including land and building of Pearl Continental Hotel, Karachi subject to subsequent perfection to the extent of Rs. 598 million (2021: Rs. 598 million). The loan is repayable in eight equal quarterly installments of Rs. 50.84 million started from April 2021.

The Company received the loan on below-market rate therefore recognized the deferred grant on the statement of financial position as the difference between the actual loan proceed and the present value of the loan proceed received, discounting using the prevailing market rate of interest.

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	2022	2021
	(Rupees'000)	
Opening balance -deferred grant	21,004	30,148
Loan proceeds received	-	29,136
Fair value of the loan proceeds	-	(26,810)
	-	2,326
Amortization during the year	(16,366)	(11,470)
	4,638	21,004

8.6 This represents outstanding balance of rated, secured, long term privately placed Sukuk certificates. Pak Brunei Investment Company Limited is the trustee while Faysal Bank Limited is acting as shariah structuring advisor for this Sukuk arrangement. The Sukuk tenor is six years, and carries profit of 03-month KIBOR plus 1% (2021: 6-month KIBOR plus 1%) per annum payable semi-annually. The Sukuk is secured by way of first mortgage charge on Pearl Continental Hotel, Lahore with 25% margin and hypothecation on all the present and future assets (excluding land and building) of Pearl Continental Hotel, Lahore. The loan was restructured in last year with grace period, and the outstanding loan amount is repayable in twenty quarterly installments starting from September 2022.

8.7 Under the terms of restructure financing agreements, the Company will not pay any dividend, and repay subordinated related party loans during the relief period. Further, all existing and future related party loans shall be subordinated to the Bank.

9 LEASE LIABILITIES	Note	2022	2021
		(Rupees'000)	
Lease liabilities - Vehicles	9.1	31,684	64,403
Lease liabilities - Land and rental spaces		282,353	154,125
	9.2	314,037	218,528
Current portion		100,546	89,241
Non current portion		213,491	129,287

9.1 This represents outstanding balance of diminishing musharaka facility from an Islamic financial institution and carries markup of 3-month KIBOR plus 1% (2021: 3-month KIBOR plus 1%) per annum payable monthly . The facility is secured by way of ownership of leased assets.

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9.2	Maturity of Lease liabilities is follows	2022	2021
		(Rupees'000)	
	Not later than one year	129,204	98,064
	Later than one year and not later than five years	169,558	91,249
	Later than five year	435,083	436,561
		733,845	625,874
	Imputed interest	(419,808)	(407,346)
		314,037	218,528

9.3	Movement of lease liabilities is as follows:		
	Balance as at 01 July	218,528	315,482
	Interest expense	23,031	24,097
	Additions	201,708	5,038
	Payments	(129,230)	(124,005)
	Lease modification	-	(2,084)
		314,037	218,528

9.4 The Company has recognised lease rentals in the statement of profit or loss amounting to Rs. 18.038 million (2021: Rs. 6.938 million) relating to short term leases.

9.5 The current payable amount to related party is Rs. 3.60 million (2021:Rs. 4.80 million)

10	EMPLOYEE BENEFITS	Note	2022	2021
			(Rupees'000)	
	Net defined benefit liability - gratuity	10.1.1	747,269	582,131
	Net defined benefit liability - compensated leave absences	10.2.1	125,522	102,610
			872,791	684,741

10.1 Net defined benefit liability - gratuity

The Company operates an unfunded gratuity scheme for its eligible employees detail of which are as follows:

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		Note	2022	2021
			(Rupees'000)	
10.1.1	**Movement in net defined liability - gratuity**			
	Present value of defined benefit obligation		582,131	590,326
	Included in profit or loss	10.1.3	112,390	82,593
	Benefits paid		(34,870)	(55,133)
	Benefits due but not paid		(26,623)	(63,298)
	Included in other comprehensive income	10.1.4	114,241	27,643
	Balance at 30 June		747,269	582,131
10.1.2	**Reconciliation of liability recognised in the statement of financial position**			
	Present value of defined benefit liability		747,269	582,131
	Net defined benefit liability		747,269	582,131
10.1.3	**Included in profit or loss**			
	Current service cost		41,287	37,449
	Interest cost		55,174	45,144
	Past service cost		16,279	-
	Plan settlement		(350)	-
			112,390	82,593
10.1.3.1	**Expense is recognized in the following line items in profit or loss**			
	Cost of sales and services		70,202	54,146
	Administrative expenses		42,188	28,447
			112,390	82,593
10.1.4	**Included in other comprehensive income**			
	Actuarial loss from changes in financial assumptions		2,096	802
	Experience adjustments on defined benefit liability		112,145	26,841
			114,241	27,643

10.1.5 **Actuarial assumptions**

The latest actuarial valuation was carried out on 30 June 2022 using projected unit credit method with the following assumptions:

	Note	2022	2021
Significant assumptions			
Discount rate		13.25%	8.5%
Expected increase in eligible salary		13.25%	N/A
Other assumptions			
Mortality rate	10.1.5.1	SLIC 2001-2005	SLIC 2001-2005
Withdrawal rate		Age - based	Age - based
Retirement assumption		Age-60	Age-60

10.1.5.1 Assumption regarding future mortality has been based on State Life Corporation (SLIC 2001-2005), ultimate mortality rate with 1 year setback as per recommendation of Pakistan Society of Actuaries (PSOA).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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10.1.5.2 Sensitivity analysis of significant assumptions

For a change of 100 basis points, present value of defined benefit liability at reporting date would have been as follows:

	2022		2021	
	Increase	Decrease	Increase	Decrease
	(Rupees'000)		(Rupees'000)	
Discount rate	706,729	792,395	548,231	619,415
Salary increase rate	792,650	705,764	619,618	547,422

10.1.5.3 Although the analysis does not take into account full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

10.1.5.4 The Company's expected charge for the defined benefit liability - gratuity for the next year is Rs. 155.93 million.

10.1.6 Risk associated with defined benefit liability- gratuity

10.1.6.1 Salary risk- (linked to inflation risk)

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

10.1.6.2 Demographic risks

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

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

10.1.7 Expected benefit payments for the next 10 years and beyond;

Years	2022	2021
	(Rupees'000)	
FY 2022	-	31,881
FY 2023	31,872	49,283
FY 2024	77,211	61,994
FY 2025	105,796	81,588
FY 2026	99,842	70,126
FY 2027	122,475	94,202
FY 2028	119,289	89,019
FY 2029	270,913	190,571
FY 2030	206,297	139,014
FY 2031	232,600	156,536
FY 2032/31 onwards	139,376	-
FY 2033/32 onwards	2,297,653	1,137,038

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10.2 Net defined benefit liability - compensated leave absences

The Company operates an unfunded compensated leave absences scheme covering all eligible employees detail of which are as follows:

		Note	2022	2021
			(Rupees'000)	
10.2.1	**Movement in defined benefit liability compensated leave absences**			
	Present value of defined benefit obligation		102,610	108,135
	Included in profit or loss	10.2.3	43,002	26,360
	Benefits paid		(18,184)	(24,433)
	Benefits due but not paid		(1,906)	(7,452)
	Balance at 30 June		125,522	102,610
10.2.2	**Reconciliation of liability recognised in the statement of financial position**			
	Present value of defined benefit liability		125,522	102,610
	Net defined benefit liability		125,522	102,610
10.2.3	**Included in profit or loss**			
	Current service cost		27,626	27,132
	Interest cost		9,256	7,836
	Experience adjustments on defined benefit liability		6,005	(8,608)
	Plan settlement		115	-
			43,002	26,360
10.2.3.1	**Expense is recognized in the following line items in profit or loss**			
	Cost of sales and services		20,132	11,793
	Administrative expenses		22,870	14,567
			43,002	26,360
10.2.4	**Actuarial assumption**			
	Discount rate		13.25%	8.5%
	Expected increase in eligible salary		13.25%	N/A
	Mortality rate	10.2.4.1	SLIC 2001-2005	SLIC 2001-2005
	Withdrawal rate		Age - based	Age - based
	Retirement assumption		Age-60	Age-60

10.2.4.1 Assumption regarding future mortality has been based on State Life Corporation (SLIC 2001-2005), ultimate mortality rate with 1 year setback as per recommendation of Pakistan Society of Actuaries (PSOA).

10.2.4.2 Sensitivity analysis

For a change of 100 basis points, present value of defined benefit liability at reporting date would have been as follows:

	2022		2021	
	Increase	Decrease	Increase	Decrease
	(Rupees'000)		(Rupees'000)	
Discount rate	117,195	135,433	95,302	110,934
Salary increase rate	135,130	117,320	110,670	95,408

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10.2.4.3 Although the analysis does not take into account full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

10.2.5 Risk associated with defined benefit liability - compensated leave absences

10.2.5.1 Salary risk - (linked to inflation risk)

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

10.2.5.2 Demographic risks

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

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

11 SHORT TERM BORROWINGS

	Note	2022	2021
		(Rupees'000)	
Running finance facilities - from banking companies- secured	11.1	2,176,245	2,578,000
Markup accrued		64,895	34,631
		2,241,140	2,612,631

11.1 These facilities are obtained from various commercial banks with an aggregate limit of Rs. 2,330 million (2021: Rs. 2,630 million) which are secured against pari passu equitable mortgage charge on fixed assets and hypothecation charge on stock-in-trade, trade debts, receivables and all other movable properties of Pearl Continental Hotel Karachi and Rawalpindi and lien on certain listed securities and TFCs held by the Company. These facilities carry markup rates ranging from 1-month KIBOR to 3-month KIBOR plus 0.6% to 1.5% (2021: 1-month KIBOR to 3-month KIBOR plus 0.6% to 1.5%) per annum.

11.2 The Company has unutilised running finance facilities aggregating to Rs. 153.76 million (2021: Rs.52 million) at the year end.

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12	TRADE AND OTHER PAYABLES	Note	2022	2021
			(Rupees'000)	
	Creditors		1,041,802	886,185
	Accrued liabilities		557,666	490,551
	Shop deposits	12.1	53,575	49,743
	Retention money		170,161	141,683
	Due to related parties - unsecured		23,509	36,020
	Sales tax payable		222,062	117,915
	Income tax deducted at source		6,941	3,497
	Un earned income		58,409	52,605
	Other liabilities	12.2	397,935	266,952
			2,532,060	2,045,151

12.1 As per terms of written agreement with customers, the amount of shop deposits are fully utilizable by the Company and have been utilized for business purpose.

12.2 This includes amount of Rs. 22.47 million (2021: Rs. 63.91 million) payable to director of the Company.

13 UNPAID DIVIDEND

13.1 As per the provision of Section-242 of the Companies Act, 2017 and directives of the Securities and Exchange Commission of Pakistan vide circular no. 18 dated 01, August, 2017, cash dividend will only be paid through electronic mode directly in the bank accounts of shareholders, accordingly this unpaid dividend pertains to those shareholders who did not provide their valid bank accounts details.

14 CONTINGENCIES AND COMMITMENTS

14.1 **Contingencies**

14.1.1 For tax related contingencies, refer note 38.3.

14.1.2	**Guarantees**	Note	2022	2021
			(Rupees'000)	
	Guarantees issued by banks on behalf of the Company.		369,069	310,342
14.2	**Commitments**			
	Commitments for capital expenditure		2,747,885	3,789,933

15 PROPERTY, PLANT AND EQUIPMENT

		Note	2022	2021
	Operating fixed assets	15.1	45,803,771	36,036,481
	Capital work in progress	15.2	3,730,842	3,679,837
			49,534,613	39,716,318

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15.1 OPERATING FIXED ASSETS

15.1.1 Reconciliation of carrying amount

	Owned								Right of use asset		
	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture, fixtures, fittings and office equipment	Computers	Vehicles	Land and rental spaces	Vehicles	Total
	Rupees'000										
Cost / Revalued amounts											
Balance at 01 July 2020	13,992,478	14,772,910	2,597,550	2,394,184	4,997,563	3,886,268	785,818	195,375	308,584	174,297	44,105,027
Additions	-	-	2,993	-	36,475	49,829	26,171	777	5,038	-	121,283
Disposals	-		-	-	-	-	(2,627)	(5,663)	-	-	(8,290)
Lease termination	-	-	-	-	-	-	-	-	(3,445)	(21,877)	(25,322)
Transfer from CWIP	-	-	153,997	112,602	260,238	148,308	16,824	-	-	-	691,969
Asset classified as held for sale	(790,000)	-	(42,303)	-	(5,712)	(3,892)	(641)	-	-	-	(842,548)
Balance at 30 June 2021	13,202,478	14,772,910	2,712,237	2,506,786	5,288,564	4,080,513	825,545	190,489	310,177	152,420	44,042,119
Balance at 01 July 2021	13,202,478	14,772,910	2,712,237	2,506,786	5,288,564	4,080,513	825,545	190,489	310,177	152,420	44,042,119
Additions			-	-	43,693	5,746	4,865	1,096	201,708		257,108
Disposals	(168,435)	-	(50,509)	(18,456)	(1,365)		(868)	(44,395)	-	-	(284,028)
Lease termination	-	-						32,323	(194,026)	(32,323)	(194,026)
Transfer from CWIP (refer note 15.2)	-	-	156,925	312,503	332,789	111,661	4,423	-	-	-	918,301
Revaluation surplus	5,583,736	4,547,520	-	-	-	-	-	-	-	-	10,131,256
Transfer	-	-	-	-	-	-	-	24,704	-	(24,704)	-
Transfer from non-current asset held for sale(refer note 27.1)	2,620,000	-	128,739	-	-	-	-	-	-	-	2,748,739
Transfer to non-current asset held for sale	-	(2,570,000)	-	(398,779)	(245,574)	(281,139)	(47,103)	(2,028)	-	-	(3,544,623)
Balance at 30 June 2022	21,237,779	16,750,430	2,947,392	2,402,054	5,418,107	3,916,781	786,862	202,189	317,859	95,393	54,074,846
Accumulated depreciation											
Balance at 01 July 2020	-	-	799,421	920,917	2,937,404	1,690,812	494,756	81,036	91,268	30,096	7,045,710
Depreciation	-	-	91,857	72,426	309,139	323,275	82,555	15,658	82,236	18,339	995,485
Disposals	-	-	-	-	-	-	(1,654)	(3,833)	-	(1,030)	(6,517)
Lease termination	-	-	-	-	-	-	-	-	(1,608)	-	(1,608)
Transfer to non-current asset held for sale	-	-	(20,557)	-	(3,882)	(2,471)	(522)	-		-	(27,432)
Balance at 30 June 2021	-	-	870,721	993,343	3,242,661	2,011,616	575,135	92,861	171,896	47,405	8,005,638
Adjusted balance at 01 July 2021	-	-	870,721	993,343	3,242,661	2,011,616	575,135	92,861	171,896	47,405	8,005,638
Depreciation (refer note 15.1.6)	-	-	110,250	76,515	299,983	295,192	66,311	14,701	75,264	13,090	951,306
Disposals	-	-	(38,761)	(7,233)	(673)	-	(590)	(14,517)	-	-	(61,774)
Lease termination	-	-	-	-	-	-	-	9,161	(194,026)	(9,161)	(194,026)
Transfer	-	-	-	-	-	-	-	9,657	-	(9,657)	-
Transfer to non-current asset held for sale	-	-		(114,696)	(130,121)	(148,234)	(35,540)	(1,478)	-	-	(430,069)
Balance at 30 June 2022	-	-	942,210	947,929	3,411,850	2,158,574	605,316	110,385	53,134	41,677	8,271,075
Carrying amount - 30 June 2021	13,202,478	14,772,910	1,841,516	1,513,443	2,045,903	2,068,897	250,410	97,628	138,281	105,015	36,036,481
Carrying amount - 30 June 2022	21,237,779	16,750,430	2,005,182	1,454,125	2,006,257	1,758,207	181,546	91,804	264,725	53,716	45,803,771
Rates of depreciation per month/useful life (2022 and 2021)	-	-	5%	5%	15%	15%	30%	15%	02 - 44 years	15%	

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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15.1.2 The operating fixed assets are secured against various loans availed by the Company. Refer note 8 and 11.

15.1.3 **Revaluation surplus on property, plant and equipment**

Freehold and leasehold land were revalued on 30 June 2022 by an independent valuer, based on market value basis by assessing and enquiring values of similar location in the vicinity. The fair value when determined falls under level 3 hierarchy. Sensitivity analysis has not been presented since data about observable inputs is not available.

Had the aforementioned revaluation not carried out, the book value of freehold and leasehold land would have been Rs. 1,633.43 million (2021: Rs. 252.67 million).

15.1.4 The forced sale value of the revalued land has been assessed at Rs. 30,388 million (2021: Rs. 22,652 million).

15.1.5 Particulars of business units and immovable fixed assets (i.e. land and building) of the Company are as follows:

Location	Address	Particular	Land area (Sq. yards)
Karachi	Plot No. 11, CL 11, Club Road - hotel property	Land and building	23,255
Karachi	Civil Line Quarters, Abdullah Haroon Road (refer note 15.1.7)	Land and building	13,101
Lahore	Upper Mall - hotel porperty	Land and building	74,440
Lahore	Defence Housing Authority (refer note 15.1.8)	Building	
Rawalpindi	Property No.253, Survey No. 559, The Mall Road - hotel property	Land and building	26,668
Peshawar	Survey No.32-B, Khyber Road, Peshawar Cantt - hotel property	Land and building	25,167
Multan	Askari By-Pass Road, Mouza Abdul Fateh - hotel property underconstruction	Land and under Construction building	8,303
Hunza	Mominabad	Land	24,107
Gilgit	Airport Road	Land	16,375
Chitral	Zargarandeh	Land	11,464
Bhurban	Compartment No. 08, at Bhurban Tehsil, Murree - hotel property	Building	-
Muzaffarabad	Upper Chattar, Muzaffarabad. - hotel property	Building	-
Mirpur	Village Bhurban Tehsil & District, Mirpur (AJK) - hotel property under construction	Under construction building	-

15.1.6 **Depreciation charge has been allocated as follows:**

	Note	2022	2021
		(Rupees'000)	
Cost of sales and services	32	**788,438**	821,924
Administrative expenses	34	**162,868**	173,561
		951,306	995,485

15.1.7 The Company purchased this property from an associated company, the possession of the property has been transferred to the Company, however NOC for transfer of title was not issued by respective department for transfer title in favor of the Company and the property is still in the name of Hashoo (Private) Limited, an associated company. The cost of this property was Rs. 1,539.34 million and current market value is Rs. 3,770 million.

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15.1.8 The Company constructed building for spa and saloon facility under an agreement of absolute transfer and assignment agreement with Nirvana, a partnership firm - a related party . As per the term of the said agreement Nirvana will use two floors of this building. Since completion certificate from Defence Housing Authority Lahore (DHAL) has not been obtained yet, therefore the transfer of title of the property is pending. The carrying value of this building is Rs. 79.78 million.

15.1.9 Detail of disposal of operating fixed assets:

Description	Cost	Carrying value	Sale proceeds	Gain/ (Loss)	Mode of disposal	Purchaser	Relationship with purchaser
	(Rupees'000)						
Operating fixed assets							
Land	168,435	168,435	168,435	-	Negotiation	Taimur Hassan	
Building	50,509	11,748	6,565	(5,183)	Negotiation	Taimur Hassan	
Building	18,456	11,223	-	(11,223)			
Vehicle	2,541	989	2,000	1,011	Negotiation	Orient Petroleum Inc.	Related Party
Vehicle	9,276	5,538	5,538	0	Company policy	Syed Haseeb Amjad Gardezi	Director
Vehicle	1,516	917	917	-	Company policy	Muhammad Riaz Ul Hassan	Employee
Vehicle	1,993	1,220	1,934	714	Company policy	Majeed Butt	Employee
Vehicle	1,993	1,175	1,276	101	Company policy	Tariq Bin Yousuf	Employee
Vehicle	1,087	877	0	(877)	Insurance	Tpl Insurance Limited	Insurance
Vehicle	1,003	761	982	221	Company policy	Mukhtar Ahmed	Employee
Vehicle	1,617	1,226	1,613	386	Company policy	Muhammad Shahid Bashir	Employee
Vehicle	1,063	806	1,464	658	Company policy	Zulfiqar Ahmed Malik	Employee
Vehicle	1,617	1,226	1,553	327	Company policy	Mansoor Khan	Employee
Vehicle	685	520	740	221	Company policy	Aqeel Abbas	Employee
Vehicle	795	603	899	296	Company policy	Sajid Anis	Employee
Vehicle	999	758	990	232	Company policy	Hamid Bashir	Employee
Vehicle	685	520	740	221	Company policy	Shahid Rasheed	Employee
Vehicle	729	552	945	393	Company policy	Rana Kashif Shahbaz	Employee
Vehicle	1,003	761	969	209	Company policy	Nouman Iftikhar	Employee
Vehicle	966	723	1,396	673	Company policy	Tahir Mahmood	Employee
Vehicle	845	633	934	300	Company policy	Asif Ikram	Employee
Vehicle	729	546	899	353	Company policy	Syed Rafi Raza Rizvi	Employee
Vehicle	953	714	957	243	Company policy	Javed Tariq Sheikh	Employee
Vehicle	1,003	751	957	206	Company policy	Fawad Ul Hassan	Employee
Vehicle	1,175	869	1,153	284	Company policy	Syed Ali Raza Naqvi	Employee
Vehicle	685	507	722	215	Company policy	Yousuf Iqbal	Employee
Vehicle	729	539	899	360	Company policy	Muhammad Amin Kharadi	Employee
Vehicle	3,982	2,596	2,662	66	Company policy	Rashid Rauf Banday	Employee
Aggregate of other items with individual book values not exceeding Rs. 500,000	6,957	4,521	8,361	3,840			
2022	**284,028**	**222,254**	**216,501**	**(5,753)**			
2021	30,168	23,651	52,209	28,558			

15.2 Capital work in progress	Note	2022	2021
		(Rupees'000)	
Balance at 01 July		**3,679,837**	6,679,529
Additions during the year		**969,306**	1,045,220
Transfers to operating fixed assets		**(918,301)**	(691,969)
Transfers to non-current asset held for sale		-	(3,258,553)
Written off adjustment		-	(94,390)
Balance at 30 June		**3,730,842**	3,679,837

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		Note	2022	2021
			(Rupees'000)	
15.2.1	Construction of Pearl Continental Hotel Mirpur	15.2.2	3,661,460	3,574,120
	Other civil works		69,382	105,717
	Construction of Pearl Continental Hotel Multan		-	3,258,553
	less: transfers to non-current assets held for sale		-	(3,258,553)
			3,730,842	3,679,837

15.2.2 This also includes capitalized borrowing cost amounting to Rs. 507.46 million (2021: Rs. 507.46 million). During the year no borrowing is capitalized.

16	ADVANCE FOR CAPITAL EXPENDITURE	Note	2022	2021
			(Rupees'000)	
	Advance for purchase of land	16.1	666,820	666,820
	Advance for purchase of Malir Delta Land	16.2	381,656	381,656
	Impairment loss		(40,000)	(40,000)
			1,008,476	1,008,476
	Advance for purchase of apartment		40,509	40,509
	Impairment loss		(40,509)	(40,509)
			-	-
	Advance for purchase of fixed assets		34,183	11,087
	Advances for Pearl Continental Multan Project		-	74,906
	Transferred to non-current assets held for sale		-	(74,906)
	Advances for Pearl Continental Mirpur Project		79,026	85,049
			113,209	96,136
			1,121,685	1,104,612

16.1 This includes amount of Rs. 626.82 million (30 June 2021: Rs. 626.82 million) paid to a related party, Associated Builders (Private) Limited, for purchase of tourist site piece(s) of land measuring 7.29 acres in Gwadar. In previous years, the Securities and Exchange Commission of Pakistan (SECP) has imposed penalty on the Company's directors under the provisions of section 199 of the Companies Act, 2017 by treating this advance as 'investment in associated company' and also directed the Company to place the matter before the shareholders of the Company in the general meeting and seek their approval in terms of section 199 of the Companies Act, 2017. The directors of the Company has filed an appeal in the Honarable Islamabad High Court against the order of SECP. Simultaneously, without prejudice to the right of the Appelants, the management and Board have complied with the directions of SECP in this regard.

16.2 This represents amount paid for purchase of 1/3rd share (113.34 acres of land) from Ms. Seema Tressa Gill's situated in Deh Dih in the Delta of Malir River. The Company relying upon the representation of good title by Ms. Seema Tressa Gill entered into a Agreement to Sale with her 1/3rd share (113.34 acres land) against a total sale consideration of Rs 80 million which was followed by registered documents inter-alia includes a Deed of Conveyance. The relevant documents provide for indemnification by the Seller's against all losses, detriments occasioned to or sustained/suffered by the Purchaser due to any defect in the title of the Seller. The Company also paid regularization fee amounting to Rs. 301.65 million to the Land Utilization Department Govt. of Sindh on her behalf through Challan.

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Legal proceedings of the above said piece of land were instituted in the Courts of Law, the Company being aggrieved and dissatisfied with a impugned judgment of High Court against dismissal of its Constitution Petition has filed a Civil Petition for Leave to Appeal (CPLA) before Hon'ble Supreme Court of Pakistan and presently the matter is pending adjudication before the Apex Court and Company is diligently pursuing the same. The Company is hopeful of a favorable result. However, even if there is an adverse decision as per legal opinion, the Company would be entitled to recover the amounts from the Seller as well as from the relevant Government Department. In this regard the paid Challan for regularization fee also states that "Subject to the condition that the land in question is available on site and the lease money may be deposited into Government Treasury in the relevant Head of Accounts by the depositor at his own risk. In case if any irregularity/ false information/ concealment of facts / stay of court is noticed hereafter, the malkano amount paid to this effect by the depositor shall be reimbursed.

17 INTANGIBLE ASSET	Note	2022	2021
		(Rupees'000)	
Software		123,896	75,585
Cost			
Opening balance		107,978	-
Additions	17.1	92,202	107,978
Closing balance		200,180	107,978
Accumulated amortisation			
Opening balance		32,393	-
Amortisation charge		43,891	32,393
Closing balance		76,284	32,393
Net book value			
Cost		200,180	107,978
Accumulated amortisation		(76,284)	(32,393)
Closing balance		123,896	75,585
Amortization rate per annum		30%	30%

17.1 This represents the computer software acquired during the year. The purchase consideration is payable in monthly installments and the outstanding liability of Rs.4.88 million is included in trade and other payables.

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		Note	2022	2021
18	INVESTMENT PROPERTY		(Rupees'000)	
18.1	**Reconciliation of carrying amount**			
	Balance at 01 July		70,000	65,000
	Increase in fair value	18.2	10,000	5,000
	Balance at 30 June		80,000	70,000

18.1.1 This represents piece of land, located at Gwadar, owned by the Company held for capital appreciation. On 30 June 2022, an independent valuation exercise was carried out to assess the fair value of investment property. The price of land of the investment property is assessed based on market research carried out in the area where the property is situated. The fair value of the property is based on independent valuer's judgment about average prices prevalent on the said date in the vicinity / locality and has been prepared on openly available / provided information after making relevant inquiries. The valuer holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Particulars of investment property and forced sale value are as follows:

Location	Area (Sq. yards)	FSV Rs. '000'
Khasra no. 59 min, khewat no.12, and khatooni no. 12, katat 20, mouza ankara north, tehsil & district Gwadar, Balochistan	484,000	68,000

18.2 Increases in fair value are recognised as gains in unconsolidated profit or loss and included in other income. All increase in fair value of investment property are unrealised.

18.3 **Measurement of fair values**

18.3.1 **Fair Value hierarchy**

The fair value of investment property was determined by external, independent valuers, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The fair value measurement of the investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. Since the value has been determined by the external independent valuer and inputs are unobservable, sensitivity analysis has not been presented.

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	Country of incorporation / Jurisdiction	Amount in Foreign Currency	Percentage of holding	Note	2022	2021
19 LONG TERM INVESTMENTS					(Rupees'000)	
Investments in related parties						
Subsidiary companies - at cost - unquoted						
Pearl Continental Hotels (Private) Limited	Pakistan		100%	19.1	5,000	5,000
Pearl Tours and Travels (Private) Limited	Pakistan		100%	19.2	102,227	102,227
City Properties (Private) Limited	Pakistan		100%	19.3	925,001	925,001
Elite Properties (Private) Limited	Pakistan		100%	19.4	5,566	5,566
					1,037,794	1,037,794
Associated undertaking - at fair value through profit or loss - unquoted						
Hashoo Group Limited	British Virgin Island	$9,800,000	14%	19.5	586,403	586,403
Impairment loss					(586,403)	(586,403)
Hotel One (Private) Limited	Pakistan		17.85%	19.6	50,000	50,000
Impairment loss					(50,000)	(50,000)
					-	-
Investment in jointly controlled entity - at cost - unquoted						
Pearl Continental Hotels Limited	United Arab Emirates	$4,750,000	50%	19.7	284,052	284,052
Impairment loss					(284,052)	(284,052)
					-	-
Other investments						
Fair value through other comprehensive income						
Malam Jabba Resorts Limited					1,000	1,000
Impairment loss					(1,000)	(1,000)
					-	-
					1,037,794	1,037,794

19.1 Pearl Continental Hotels (Private) Limited

This represents the Company's investment in 100% equity shares of Pearl Continental Hotels (Private) Limited (PCHPL). The Company holds 500,000 (2021: 500,000) ordinary shares of Rs. 10 each. The break-up value per share based on audited financial statements for the year ended 30 June 2022 was Rs. 26.10 (2021: Rs. 25.21).

19.2 Pearl Tours and Travels (Private) Limited

This represents the Company's investment in 100% equity shares of Pearl Tours and Travels (Private) Limited (PTTPL). The Company holds 10,222,700 (2021: 10,222,700) ordinary shares of Rs. 10 each. The break-up value per share based on its audited financial statements for the year ended 30 June 2022 was Rs. 14.34 (2021: Rs. 13.34).

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19.3 **City Properties (Private) Limited**

This represents the Company's investment in 100% equity shares of City Properties (Private) Limited (CPPL) against 92,500,100 (2021: 92,500,100) ordinary shares of Rs. 10 each. The break-up value per share based on its audited financial statements for the year ended 30 June 2022 was Rs. 9.82 (2021: Rs. 9.85). Also refer note 20.

19.4 **Elite Properties (Private) Limited**

This represents the Company's investment in 100% equity shares of Elite Properties (Private) Limited (EPPL). against 556,600 (2021: 556,600) ordinary shares of Rs. 10 each. The break-up value per share based on its audited financial statements for the year ended 30 June 2022 was Rs. 9.90 (2021: Rs. 9.86). Also refer note 20.

19.5 **Hashoo Group Limited**

The Company holds 98,000 (2021: 98,000) ordinary shares of US$ 100 each in Hashoo Group Limited (HGL). HGL is treated as an 'associate' due to the Company's significant influence over it due to common directorship. Due to prevailing political turmoil, unrest, law and order situation in Libya, this Investment has been fully impaired.

This is an equity investment therefore period of investment is not specific, the Company has not received any return from this investment, and during the term of investment no default/breach is made.

Beneficial owner of Hashoo Group Limited are:

Name	Address
Pakistan Services Limited	1st Floor Nespak House Islamabad, Pakistan
Saladale investments INC.	53rd street 16th Floor Panama, the republic of Panama

19.6 **Hotel One (Private) Limited**

The Company holds 500,000 (2021: 500,000) ordinary shares of Rs.100 each in Hotel One (Private) Limited (HOPL). HOPL is treated as an 'associate' due to the Company's significant influence over it due to common directorship. This investment was fully impaired based on prudence, considering the accumulated losses.

19.7 **Pearl Continental Hotels Limited**

The Company holds 95 (2021: 95) ordinary shares of US $ 50,000 each in Pearl Continental Hotels Limited - UAE (PCHL - UAE) which represents 50% interest in PCHL - UAE, a jointly controlled entity of the Company and Hashwani Hotels Limited, a related party. Due to economic meltdown in year 2007-08, PCHL - UAE incurred losses and consequently the investment was fully impaired, however the Company is putting all its efforts to recover the losses.

This is an equity investment therefore period of investment is not specific, the company has not received any return from this investment, and during the term of investment no default/breach is made.

Beneficial owner of Pearl Continental Hotels Limited are:

Name	Address
Pakistan Services Limited	1st Floor Nespak House Islamabad, Pakistan
Hashwani Hotels Limited	1st Floor Nespak House Islamabad, Pakistan

20 ADVANCES AGAINST EQUITY INVESTMENT

These represent advances against equity investments of Rs.1,143.07 million (2021: Rs. 2,371.57 million) and Rs. 731 million (2021: Rs. 954 million) extended by the Company to its wholly owned subsidiary companies City Properties (Private) Limited and Elite Properties (Private) Limited respectively.

21 LONG TERM DEPOSITS	Note	2022	2021
		(Rupees'000)	
Long term deposits	21.1	21,773	28,181
		21,773	28,181

21.1 The Company has not recognised these deposits at fair value as the impact of discounting is considered immaterial.

21.1.2 This includes amount of Rs. 0.803 million (2021: Rs. 2.82 million of related party.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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22 DEFERRED TAX LIABILITIES / (ASSETS) - NET

	Net balance at 01 July 2021	Impact of change in accounting policy	Recognized in Profit or loss (Note 38)	Recognized in Other comprehensive income	Net balance at 30 June 2022
2022	(Rupees'000)				
Taxable temporary differences					
Accelerated depreciation for tax purposes	748,604	-	(71,422)	-	677,182
Deductible temporary differences					
Long term investments	(35,647)	-	-	-	(35,647)
Net defined benefit liability - gratuity	(168,818)	-	(14,868)	(33,130)	(216,816)
Net defined benefit liability - vacation pay	(29,757)	-	(6,644)	-	(36,401)
Provision for obsolescence - stores	(1,096)	-	-	-	(1,096)
Impairment loss on trade debts	(80,797)	(6,035)	(48,403)	-	(135,235)
Short term investments	(1,740)	-	-	-	(1,740)
Leased liabilities	(63,372)	-	(27,698)	-	(91,070)
Unadjusted depreciation losses	(446,879)	-	-	-	(446,879)
-	(828,106)	(6,035)	(97,613)	(33,130)	(964,884)
	(79,502)	(6,035)	(169,035)	(33,130)	(287,702)

	Net balance at 01 July 2020	Impact of change in accounting policy	Recognized in Profit or loss (Note 38)	Recognized in Other comprehensive income	Net balance at 30 June 2021
2021	(Rupees'000)				
Taxable temporary differences					
Accelerated depreciation for tax purposes	902,874	-	(154,270)	-	748,604
Deductible temporary differences					
Long term investments	(35,647)	-	-	-	(35,647)
Net defined benefit liability - gratuity	(173,125)	-	12,323	(8,016)	(168,818)
Net defined benefit liability - vacation pay	-	-	(29,757)	-	(29,757)
Provision for obsolescence - stores	(576)	-	(520)	-	(1,096)
Impairment loss on trade debts	(116,290)	-	35,493	-	(80,797)
Short term investments	(1,740)	-	-	-	(1,740)
Leased liabilities	(91,713)	-	28,341	-	(63,372)
Unadjusted depriciation losses	(244,318)	-	(202,561)	-	(446,879)
	(663,409)	-	(156,681)	(8,016)	(828,106)
	239,465	-	(310,951)	(8,016)	(79,502)

23 INVENTORIES

	Note	2022	2021
		(Rupees'000)	
Stores		182,531	204,280
Spare parts and loose tools		65,438	62,980
Stock in trade - food and beverages	32	150,527	92,327
		398,496	359,587
Provision for obsolescence	23.1	(3,781)	(3,781)
		394,715	355,806

23.1 This represents expense for the year amounting to Rs. Nil (2021: Rs. 1.725 million) on account of provision for slow moving items.

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			2022	2021
24	TRADE DEBTS -UNSECURED		(Rupees'000)	
	Considered good			
	Due from related parties	24.1	13,870	10,514
	Others		767,171	394,459
			781,041	404,973
	Considered doubtful		466,327	278,609
			1,247,368	683,582
	Provision against doubtful debts at 01 July		(278,610)	(401,002)
	Impact of change in accounting policy (refer note -03)		(20,810)	-
	(Allowance for) /reversal of impairment loss on trade debts		(166,907)	122,392
	Balance at 30 June	24.2	(466,327)	(278,610)
			781,041	404,972

24.1 Due from related parties

	Maximum amount outstanding at the end of any month during the year 2022	2021	2022	2021
			(Rupees'000)	
Pearl Tours and Travels (Private) Limited	8,490	4,889	6,689	2,469
Hashwani Hotels Limited	5,217	3,175	479	569
Hashoo Foundation	386	247	235	167
Hashoo Hunar Associates	1,011	441	1,011	306
Hotel One (Private) Limited	2,421	3,976	2,609	3,976
Hashoo Holdings (Private) Limited	50	206	-	206
Jubilee General Insurance Company Limited	87	59	45	59
Orient Petroleum Inc.	544	1,332	220	1,330
Pearl Communications (Private) Limited	128	128	-	128
Pearl Real Estate Holdings (Private) Limited	211	265	120	182
Foreepay (Private) Limited	768	-	768	-
Tejari Pakistan (Private) Limited	1,645	1,723	1,645	1,057
Zahdan Retail (Private) Limited	65	68	-	65
Zaver Petroleum Corporation (Private) Limited	16	-	49	-
			13,870	10,514

24.1.1 Age analysis of due from related parties is as follows:

	2022	2021
Past due by 30 days	1,661	868
Past due by 31 to 90 days	4,996	2,239
Past due over 91 days	4,442	2,926
Past due over 1 year	2,771	4,481
	13,870	10,514

24.2 This includes provision of Rs. 5.44 million (2021: Rs. 5.12 million) against doubtful debts.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

25 ADVANCES, PREPAYMENTS, TRADE DEPOSITS AND OTHER RECEIVABLES

	Note	2022	2021
		(Rupees'000)	
Advance to employees	25.1	4,250	7,942
Advance to suppliers and contractors		50,892	36,565
Advance to related parties	25.2	1,342	10,265
Trade deposits		16,095	15,143
Prepayments	25.3	35,942	29,319
Refundable sales tax		202,751	140,838
Other receivables	25.4	120,863	58,153
		432,135	298,225

25.1 These advances are given as per the Company policy and are un-secured, interest free and are repayable over varying periods.

25.2 Advance to related parties - non-interest bearing

	Note	2022	2021
		(Rupees'000)	
OPI Gas (Private) Limited		472	10,217
Genesis Trading (Private) Limited		-	48
Organic Plus (Pvt) Ltd		870	-
	25.2.1	1,342	10,265

25.2.1 The advances to related parties are of trade nature and extended for provision of goods and services.

25.3 This includes amount of Rs. 7.020 million (2021: Rs. 4.38 million) of related parties.

25.4 This includes amount of Rs. 0.794 million (2021: Nil) of director on account of travelling advance, and Rs.2.681 million (2021: Nil) of related party Hotel One (Private) Limited on account of franchise fee and it is the maximum amount due at the end of any month during the year.

26 SHORT TERM INVESTMENTS

	Note	2022	2021
		(Rupees'000)	
Amortized cost			
Certificate of investments		5,300	5,300
Allowance for impairment loss		(5,300)	(5,300)
		-	-
Fair value through other comprehensive income			
National Technology Development Corporation Limited		200	200
Indus Valley Solvent Oil Extraction Limited		500	500
Allowance for impairment loss		(700)	(700)
		-	-
Amortized cost			
Term Deposit Receipt	26.1	1,193,579	565,523
Term Finance Certificate (TFC)	26.2	75,000	75,000
Interest accrued		9,407	7,050
		1,277,986	647,573
Financial assets at fair value through profit or loss			
Investments in shares of listed companies	26.3	475,254	640,914
		1,753,240	1,288,487

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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26.1 This represent term deposit receipts having maturity of one months to one year carrying interest rate ranging from 5.5% to 14% (2021: 5.50% to 6.50%) per annum.

26.2 This represents investment in 750 number of TFCs having face value of Rs. 100,000/-each and carrying profit @ 3-month KIBOR plus 1.60%. These TFCs are pledged as security against running finance facility of the Company (Refer to note 11).

26.3 **Investments in shares of listed companies**

	2022	2021	2022	2021
	No. of ordinary shares of Rs. 10 each		(Rupees'000)	
Pakistan Telecommunication Company Limited	350,000	350,000	2,436	4,144
Lotte Chemical Pakistan Limited	150,000	150,000	3,544	2,316
Fauji Fertilizer Bin Qasim Limited	50,000	50,000	1,012	1,321
Jubilee General Insurance Company Limited -associated company (Note 26.3.1)	15,056,661	15,056,661	468,262	633,133
			475,254	640,914

26.3.1 Out of total shares held by the Company, 15,000,000 (2021: 15,000,000) ordinary shares are placed / lien marked as security against running finance facility of the Company (Refer to note 11).

27 NON-CURRENT ASSET HELD FOR SALE	Note	2022	2021
		(Rupees'000)	
Property	27.1	-	2,748,739
Property	27.2	3,114,554	-
Under construction Hotel Pearl Continental Multan	27.3	4,544,545	3,693,459
	27.4	7,659,099	6,442,198

27.1 During the year, this property has been reclassified to Property, plant and equipment. Since the disposal could not be materialised and it is no longer probable that underlying approvals for sale, which are substantive will be obtained with in one year of the reporting date.,, this property has been prospectively reclassified in Property, plant and equipment in accordance with the requirement of IFRS - 5. This reclassification has resulted in increase in depreciation expense for the year by Rs.18.42 million and revaluation surplus on property, plant and equipment by Rs. 1,040 million.

27.2 During the year the Board of Directors of the Company in their meeting held on 24 June 2022 decided to sale the property bearing survey No.32-B, Khyber Road, Peshawar Cantt, an agreement to sale has been executed and an advance amount of Rs. 875 million has been received against the sale of the property and management expects the disposal of this property within the next financial year. This property comprise of following asset categories.

	2022	2021
	(Rupees'000)	
Land	2,570,000	-
Building	284,083	-
Plant & machinery	115,453	-
Furniture, fixtures, fittings and office equipment and others	145,018	-
	3,114,554	-

27.3 As more fully explained in 8.3, in view of the lender's unconditional right to initiate debt property swap in respect of under construction property of Pearl Continental Hotel, Multan and since the outstanding liability as per agreement is expected to be adjusted against this property, the carrying amount of under construction property of Pearl Continental Hotel, Multan is Rs.4,185 million (2021: Rs. 3,333.46 million) and land of the hotel of Rs. 360 million (2021: Rs. 360 million) has been classified as non-current assets held for sale.

This also includes capitalized borrowing cost amounting to Rs. 984.69 million (2021: Rs. 627.16 million). During the year no borrowing is capitalized. During the year, borrowing cost amounting to Rs. 357.53 million is capitalized at the rate of 10.52%.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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27.4 Movement in non-current assets held for sale during year is as follows:

	Note	2022	2021
		(Rupees'000)	
Opening balance		6,442,198	2,908,739
Transfer from operating fixed assets	27.2	3,114,554	455,113
Transfer from operating fixed assets		-	360,000
Transfer to operating fixed assets	27.1	(2,748,739)	-
Additions in / transfer from capital work in progress	27.3	851,086	3,258,553
Transfer from advances for capital expenditure	27.3	-	74,906
		1,216,901	4,148,572
Disposals		-	(615,113)
		7,659,099	6,442,198

28 ADVANCE INCOME TAX - NET

	Note	2022	2021
Balance at 01 July		495,508	481,238
Income tax paid during the year		232,582	143,870
Charge for the year	38	(186,878)	(129,600)
Balance at 30 June		541,212	495,508

29 CASH AND BANK BALANCES

	Note	2022	2021
Cash in hand		49,120	30,483
Cash at bank			
Current accounts - Local currency		132,235	77,854
- Foreign currency		580	-
Deposit accounts - Local currency	29.1	202,924	174,054
- Foreign currency	29.2	3,417	1,045
		339,156	252,953
Accrued profit		1,311	286
		389,587	283,722

29.1 Deposit accounts carry interest rate ranging from 5.25% to 13.50% (2021: 5.50% to 6.50%) per annum.

29.2 Deposit accounts carry interest @ 0.25% (2021: 0.25%) per annum.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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30	REVENUE- NET	Note	2022	2021
			(Rupees'000)	
	Gross revenue	30.1	14,228,668	8,198,862
	Discounts		(294,405)	(171,352)
	Sales tax		(1,945,775)	(1,086,689)
			11,988,488	6,940,821

30.1 **Gross revenue**

In the following table, revenue from contracts with customers is disaggregated by, major products and service lines, and timing of revenue recognition.

Major products/service lines	Note	2022	2021
		(Rupees'000)	
Rooms		5,326,637	3,131,649
Food and beverages		7,793,482	4,257,147
Other related services	30.2	897,492	591,249
Fee revenue from franchise & management properties		155,081	174,729
Shop license fees		55,976	44,088
		14,228,668	8,198,862
Timing of revenue recognition			
Products / services transferred at a point in time		11,538,344	6,607,798
Services transferred over time		450,144	333,023

30.2 This includes revenue from telephone, laundry, discount cards and other ancillary services.

30.3 Revenue amounting to Rs. 319.436 million (2021: Rs. 238.41 million) has been recognized from contract liabilities at the beginning of the period.

30.4 The Company's entire revenue is generated within Pakistan.

31	CONTRACT BALANCES	Note	2022	2021
			(Rupees'000)	
	Contract assets	31.1	27,654	22,863
	Contract liabilities	31.2	710,863	512,381

31.1 Contract assets primarily relate to the Company's rights to consideration for goods and services provided to the customers but not billed at the reporting date. Contract assets are transferred to trade debts when invoice is raised. Opening balance of contract asset is fully transferred to trade debts during the period.

31.2 Contract liabilities represent the Company's obligation to transfer goods or services for which the customer has already paid a consideration. These contract liabilities mainly relates to the advances received against banquets functions, room sales and membership fee.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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32	COST OF SALES AND SERVICES	Note	2022	2021
			(Rupees'000)	
	Food and beverages			
	Opening balance		92,327	68,592
	Purchases during the year		2,364,532	1,417,101
	Closing balance	23	(150,527)	(92,327)
	Consumption during the year		2,306,332	1,393,366
	Direct expenses			
	Salaries, wages and benefits	32.1	1,625,209	1,045,290
	Heat, light and power		1,150,766	689,170
	Repair and maintenance		388,603	247,132
	Depreciation	15.1.6	788,438	821,924
	Amortization		39,502	29,154
	Guest supplies		243,291	178,527
	Linen, china and glassware		113,441	66,184
	Communication		8,816	6,642
	Laundry and dry cleaning		67,845	48,962
	Banquet and decoration		76,688	32,597
	Transportation		44,712	23,061
	Uniforms		12,176	10,702
	Music and entertainment		14,706	10,895
	Franchise fee		-	13,174
	Others	32.2	145,708	127,816
			7,026,233	4,744,596

32.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 114.97 million (2021: Rs. 86.14 million).

32.2 This also includes an amount of Rs. 127.22 million (2021: Rs. 113.39 million) relating to incremental costs of obtaining customer contracts.

33	OTHER INCOME	Note	2022	2021
			(Rupees'000)	
	Concessions and commissions		10,647	1,405
	(Loss) /gain on disposal of property, plant and equipment		(5,753)	28,558
	Gain on disposal of non-current assets held for sale		-	42,826
	Liabilities written back		-	109,504
	Increase in fair value of investments property		10,000	5,000
	Communication towers and other rental income		66,086	67,581
	Insurance claim		16,450	4,687
	Others - net		50,221	72,692
			147,651	332,253

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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34 ADMINISTRATIVE EXPENSES	Note	2022	2021
		(Rupees'000)	
Salaries, wages and benefits	34.1	1,336,853	842,815
Rent, rates and taxes	9.4	136,729	105,454
Security and protective services		303,592	210,438
Advertisement and sales promotion		153,979	92,120
Repair and maintenance		51,113	34,851
Heat, light and power		138,543	78,324
Travelling and conveyance		122,280	72,681
Depreciation	15.1.6	162,868	173,561
Amortization		4,389	3,239
Communications		17,611	14,650
Printing and stationery		37,065	27,982
Legal and professional charges		191,587	90,477
Insurance		91,916	95,697
Entertainment		12,585	8,310
Subscriptions		99,808	95,874
Laundry and dry cleaning		4,415	4,014
Uniforms		2,598	2,710
Auditors' remuneration	34.2	6,058	6,077
Vehicle rentals and registration charges	34.3	11,536	14,249
Miscellaneous		13,221	14,268
		2,898,746	1,987,791

34.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 94.06 million (2021 Rs. 66.05 million).

34.2 Auditors' remuneration	2022	2021
	(Rupees'000)	
Audit services		
Annual audit fee	2,420	2,200
Audit of consolidated financial statements	693	630
Half yearly review	900	805
Out of pocket expenses	835	1,190
	4,848	4,825
Non-audit services		
Special reports and certificates	910	950
Tax advisory	300	302
	1,210	1,252
	6,058	6,077

34.3 This represents Ijarah payments made during the year (2021: Rs. 14.22 million) under an Ijarah (lease) agreement. As required under IFAS 2 " Ijarah" (notified through SRO 431 (I) / 2007 by Securities & Exchange Commission of Pakistan). Ijarah payments under an Ijarah (lease) agreement are recognised as an expense in the profit or loss account on straight line basis over the term of Ijarah.

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The maturity analysis of remaining Ijarah facility is as follows:

	Note	2022	2021
		(Rupees'000)	
Within one year		6,727	9,581
After one year but not more than five years		932	7,916
		7,659	17,497

35 OTHER EXPENSE

	Note	2022	2021
Write down adjustment - capital work in progress		-	94,394
Impairment loss on advance for purchase of land		-	40,000
		-	134,394

36 FINANCE INCOME

	Note	2022	2021
Interest income on			
Term Deposit Receipt		44,701	28,866
Term Finance Certificate		8,257	6,802
Bank deposits		23,441	13,979
Dividend income		60,452	52,811
		136,851	102,458

37 FINANCE COST

	Note	2022	2021
Interest expense on			
Loans and borrowing		454,724	342,407
Short term borrowings		224,806	194,180
Sukuk finance		484,484	471,940
Lease facilities		23,031	24,097
Amortization of transaction cost		9,176	13,406
Amortization of deferred payment		82,650	104,641
Credit cards, bank and other charges		99,546	75,229
Exchange loss		10,025	677
		1,388,442	1,226,577

38 INCOME TAX EXPENSE

	Note	2022	2021
Current tax expense			
- Current year		199,285	112,034
- Change in estimates related to prior year		(12,407)	17,566
		186,878	129,600
Deferred tax reversal	22	(169,035)	(310,951)
		17,843	(181,351)

38.1 Reconciliation of accounting profit with tax expense is as follows:

	Note	2022	2021
Accounting Profit /(loss) for the year		627,002	(577,243)
Tax charge @ 29% (2021: 29%)		181,831	(167,400)
Effect of super tax		40,361	-
Tax effect of minimum tax		(224,495)	24,110
Unrealized (loss) / gain		45,141	(6,725)
Liabilities written back		-	(31,756)
Tax effect of income subject to lower taxation		(12,588)	(11,869)
Prior year's tax charge		(12,407)	17,566
Others		-	(5,276)
		17,843	(181,351)

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38.2 Due to uncertainty about timing of taxable profits in the foreseeable future against which the unabsorb depreciaion losses can be utilized, the Company has not recognized deferred tax asset amounting to Rs. 353 million.

38.3 Tax related contingencies

Income tax

i The income tax assessments of the Company have been finalised and returns have been filed up to and including the tax year 2021. However, for the assessment year 1999-2000, an appeal is pending with the Appellate Tribunal, Inland Revenue. In case of adverse decision of the appeal, the tax liability of Rs. 73.165 million (2021: Rs. 73.165 million) may arise against the Company for which no provision has been recognised by the Company. These comprise of disallowances of certain expenses and arbitrary additions to the income of the Company. Based on appellate history and merits, the Company is confident of a favorable outcome of the appeal. Therefore, the Company considers that provision against this tax liability is not required.

ii In June 2020, the taxation officer amended the assessment for the tax year 2014 by disallowing various expenses and raising tax demand of Rs. 1,400 million. On appeal filed by the Company against the assessment order before the Commissioner Inland Revenue (Appeals-II) Karachi [CIR(A)], the CIR(A) through his order dated 15 October 2020 has remanded the case back to the taxation officer for re-examination and re-consideration of the facts of the case. As of date no action is taken by the taxation officer; however based on the appellate history and merits, the Company is confident of favorable outcome of the case and hence a provision on this matter has not been recognized.

iii The taxation officer passed an order under section 122(5A) of the Income Tax Ordinance, 2001 [ITO] for tax year 2008 to frame impugned tax demand of Rs.30.12 million by disallowing few expenses. On appeal filed by the Company before the CIR(A) against the assessment order of the taxation officer, the CIR(A) remanded the case back to the taxation officer for fresh proceeding. The appellate Order of the CIR(A) was however challenged by the Department before the honorable Appellate Tribunal Inland Revenue [Tribunal]; whereby the Tribunal through its order dated 22 January 2021 has upheld the order of the CIR(A). Based on the appellate history and merits, the Company is confident of favorable outcome of the case and hence a provision on this matter has not been recognized.

Sales tax

i. Sales Tax Collectorate, Lahore created the sales tax liability amounting to Rs. 9.571 million· on the basis of audit proceedings for the year 1997-98 that the Company provided out door catering to PIA without payment of sales tax. The Additional Collector disposed off the above referred audit observations. The department filed appeal before the Appellate Tribunal Inland Revenue (ATIR).The ATIR set aside order of Additional Collector through order no. 1394/LB/09 dated 13 May 2011. The Company filed reference application no. 128/2011 before the Honorable Lahore High Court dated 12 September 2011 against the order passed by ATIR and hence a provision on this matter has not been recognized.

ii. The Additional Collector, Lahore disallowed the input tax relating to purchase of certain items amounting to Rs. 7.22 million during the period of October 2000 and June 2002 on the basis of section 8(1) of the Sales Tax Act, 1990 read with SRO 578(1)/98 dated 12 June 1998. The Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR), while the ATIR upheld the order of Additional Collector, Lahore. The Company filed reference application before the Lahore High Court on 24 September 2011 against the order passed by ATIR and hence a provision on this matter has not been recognized.

iii. The Deputy Commissioner Inland Revenue, Zone IV, Large Taxpayer Unit, Karachi based upon the sales tax audit for the year 2008-09, passed Order in Original 52/2013 dated 28 June 2013 against which the Company filed appeal before the Commissioner Appeals, Karachi. The Commissioner Appeals remanded back the case to department against which department is in appeal before the Appellate Tribunal Inland Revenue (ATIR), the assessing officer, during remand back proceedings, decided the case against the Company by raising total demand along with default surcharge and penalty aggregating to Rs. 49,393,192. The Company has filed appeal against said order before Commissioner Inland revenue (CIR), during the period, the CIR remanded the case back for de-novo consideration and hence a provision on this matter has not been recognized.

iv. The Deputy Commissioner, Punjab Revenue Authority, Lahore [PRA] issued notices having references No.PRA/PC/Hotel/14/32972 on 05 November 2014 and No.PRA/PC/Hotel/14/32985 on 12 November 2014 for the tax period August

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2014 and tax periods from July 2012 to September 2014 respectively. Through notice dated 05 November 2014 it has been alleged that the Company claimed inadmissible input tax adjustment on construction material amounting to Rs 21.15 million. Through notice dated 12 November 2014, the Deputy Commissioner, Punjab Revenue Authority, Lahore initiated the inquiry/investigation against the Company for the period from July 2012 to September 2014. The Company filed Writ Petition 30844/2014 before Lahore High Court which is pending adjudication and hence a provision on this matter has not been recognized.

v. The EO PRA passed an order dated 30 April 2021 alleging that the Company claimed inadmissible input tax of Rs. 2,079,081/- during the tax periods October 2013 to June 2015 and raised a demand of Rs. 2,079,081/- along with penalty of Rs. 103,954/-. The Company aggrieved by the order filed an appeal before the Commissioner Appeals, PRA which is pending disposal till date.

vi. The Assistant Commissioner Sindh Revenue Board [AC-SRB], passed an order on 15 March 2022 alleging that the Company claimed inadmissible input tax of Rs. 112,789,782 during the tax periods July 2013 to June 2020 and raised a demand of Rs. 112,789,782 along with penalty of Rs. 5,639,489/-. The Company aggrieved by the order filed an appeal before the Commissioner Appeals, SRB which is pending disposal till date.

vii. The AC-SRB issued a recovery notice on 7 June 2022 in pursuance to the Order in Original No. 15 of 2021 dated 15 January 2021 passed by the AC-SRB . The Company deposited the principal amount raised through the impugned order and preferred an appeal before the Commissioner Appeals against the default surcharge . The appeal is pending disposal till date.

39 EARNINGS / (LOSS) PER SHARE

	2022	2021
Profit /(loss) for the year (Rupees '000)	609,159	(395,892)
Weighted average number of ordinary shares (Numbers)	32,524,170	32,524,170
Earnings / (loss) per share - basic (Rupees)	18.73	(12.17)

There is no dilution effect on the basic earnings per share of the Company.

40 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES

	Note	2022	2021
		(Rupees'000)	
Profit / (loss) before tax		627,002	(577,243)
Adjustments for:			
Depreciation	15.1.6	951,306	995,485
Amortization		43,891	32,393
Loss / (gain) on disposal of property, plant and equipment	33	5,753	(28,558)
Gain on disposal of held for sale asset		-	(42,826)
Provision for staff retirement benefit - gratuity	10.1.3	112,390	82,593
Provision for compensated leave absences	10.2.3	43,002	26,360
(Allowance for) /reversal of impairment loss on trade debts		166,907	(122,392)
Other expenses	35	-	134,394
Unrealised gain on remeasurement of investment property	33	(10,000)	(5,000)
Return on bank deposits / certificate of investment	36	(76,399)	(49,647)
Finance cost	37	1,388,442	1,226,577
Dividend income	36	(60,452)	(52,811)
Unrealised loss / (gain) on remeasurement of investments to fair value		165,660	(18,191)
Gain on lease modification		-	(247)
Provision on stores, spare parts and loose tools		-	1,725
		3,357,502	1,602,612

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41 CASH AND CASH EQUIVALENTS

	Note	2022	2021
		(Rupees'000)	
Cash and bank balances	29	389,587	283,722
Short term borrowings	11	(2,241,140)	(2,612,631)
Accrued markup on short term borrowings		64,895	34,631
Accrued profit on bank deposits		(1,311)	(286)
		(1,787,969)	(2,294,564)

41.1 Reconciliation of movements of liabilities to cash flows arising from financing activities.

	Loans and borrowings	Lease Liabilities	Unclaimed dividend	Unpaid dividend	Total
			(Rupees'000)		
Balance at 01 July 2021	14,416,565	218,528	9,242	1,528	14,645,863
Changes from financing activities					
Proceeds from loans	-	-	-	-	-
Repayment of loan	(592,433)	-	-	-	(592,433)
Repayment of lease liability	-	(106,199)	-	-	(106,199)
Transaction cost paid	(8,200)	-	-	-	(8,200)
	(600,633)	(106,199)	-	-	(706,832)
Other changes					
Amortization of transaction cost	9,176	-	-	-	9,176
Markup accrued	(488,792)	-	-	-	(488,791)
Lease liabilities	-	201,708	-	-	201,708
	(479,616)	201,708	-	-	(277,908)
Balance at 30 June 2022	13,336,316	314,037	9,242	1,528	13,661,123

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Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Loans and borrowings	Lease Liabilities	Unclaimed dividend	Unpaid dividend	Total
			(Rupees'000)		
Balance at 01 July 2020	14,031,634	315,482	9,242	1,528	14,357,886
Changes from financing activities					
Proceeds from loans	29,136	-	-	-	29,136
Repayment of loan	(543,103)	-	-	-	(543,103)
Repayment of lease liabilities	-	(99,908)	-	-	(99,908)
Transaction cost paid	(8,200)	-	-	-	(8,200)
	(522,167)	(99,908)	-	-	(622,075)
Other changes					
Amortization of transaction cost	13,406	-	-	-	13,406
Markup accrued	893,692	-	-	-	893,692
Lease liabilities	-	2,954	-	-	2,954
	907,098	2,954	-	-	910,052
Balance at 30 June 2021	14,416,565	218,528	9,242	1,528	14,645,863

42 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2022			2021		
	Chief Executive Officer	**Directors**	**Executives**	Chief Executives Officer	Directors	Executives
			Rupees '000			
Managerial remuneration	**108,000**	**140,609**	**302,611**	64,596	58,113	190,132
Provident fund contribution	**5,997**	**1,199**	**10,242**	3,999	847	7,460
Provision for gratuity	**45,370**	**12,591**	**-**	3,945	3,632	2,053
Provision for compensated leave absences	**-**	**4,352**	**18,746**	-	-	9,066
Provision for bonus	**24,000**	**-**	**447**	-	-	-
Provision for leave fare assistance	**4,521**	**-**	**-**	1,995	-	176
Meeting fee	**200**	***1,475**	**400**	30	*390	-
	188,088	**160,226**	**332,446**	74,565	62,982	208,887
Number of persons	**1**	**2**	**82**	1	2	64

* This represents meeting fee of Rs. 1.045 million (2021: Rs. 0.285 million) of certain non executive directors of the Company.

42.1 In addition to the above, Chief Executive Officer, non-executive director, and certain executive directors and executives are provided with the Company maintained vehicles having carrying value of Rs. 31.29 million (2021: Rs. 74.78 million). Accommodation maintenance is also provided to Chief Executive Officer. Certain directors and executives are also provided with medical expenses and company maintained accommodation, as per the Company's policy.

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43 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise associated and subsidiary companies, directors as well as their close family members, companies with common directorship, executives, key management personnel, major shareholders and provident fund. Detail of related parties (with whom the Company has transacted or arrangement in place) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Basis of Relationship	Name of Related Party	Percentage of Share holding
Wholly owned Subsidiary	City Properties (Private) Limited	100%
	Elite Properties (Private) Limited	100%
	Pearl Tours & Travels (Private) Limited	100%
	Pearl Continental Hotels (Private) Limited	100%
Common directorship	Hashwani Hotels Limited	-
	Hotel One (Private) Limited	17.85%
	Hashoo Holdings (Private Limited)	-
	Jubilee General Insurance Company Limited	7.6%
	Orient Petroleum Inc.	-
	OPI Gas (Private) Limited	-
	Pearl Real Estate Holdings (Private) Limited	-
	Shine Plus (Pvt) Ltd.	-
	Hashoo (Private) Limited	-
	Tejari Pakistan (Private) Limited	-
	Organiks Plus (Private) Limited	-
	Hashoo Hunar Associates	-
	Foree pay (Pvt) Ltd.	
Directors	Mr. Sadruddin Hashwani	-
	Mr. Murtaza Hashwani	-
	Mr. M.A. Bawany	-
	Mr. Shakir Abu Bakar	-
	Syed Haseeb Amjad Gardezi	-
	Mr. M. Ahmed Ghazali Marghoob	-
	Ms. Ayesha Khan	-
	Mr. Rohail Ajmal	-
	Mr. Shahid Hussain	-
Key management personnel	Chief Financial Officer	-
	Company Secretary	-
Directors as Board of trustees	Hashoo Foundation	-
Significant influence of relative of Director	Nirvana, a partnership firm	-
Close family member of Directors	Ms. Sarah Hashwani	
	Ms. Nadia Lakhani	
	Genesis Trading (Private) Limited	
Significant influence	Karakoram Security Services (Private) Limited	-
	Foree pay (Pvt) Ltd.	
Staff retirement fund	PSL Employees Provident Fund Trust	-

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	Note	2022	2021
		(Rupees'000)	
Transactions with wholly owned subsidiary companies			
Sales		3,074	1,822
Services provided		14,910	6,064
Services availed		97,789	44,189
Refund of advance against equity		1,451,500	87,000
Funds received / current account		20,000	80,000
Funds repaid / current account		20,000	80,000
Transactions with associated undertakings			
Sales		450	162
Services provided		7,365	6,157
Services availed		409,209	278,537
Purchases		82,016	88,598
Franchise fee - income		5,291	3,247
Franchise and management fee - expense		-	4,805
Dividend income		60,227	52,698
Purchase of assets		-	29,401
Sale of assets		2,104	-
Transactions with other related parties			
Sales		1,852	596
Services provided		144	15
Services availed		10,012	14,292
Purchases		-	5,738
Contribution to defined contribution plan - provident fund		53,587	43,239
Transactions with key management personnel			
Remuneration and allowances including staff retirement benefits	43.1	378,609	152,745
Loan from key management personnel			-
Refund of loan to key management personnel		-	150,000

43.1 Compensation to key management personnel

	2022	2021
Salaries and other benefits	275,715	136,647
Contribution to provident fund	8,361	5,607
Gratuity	57,961	7,577
Bonus	24,000	-
Meeting fee	1,675	420
Others	10,897	2,495
	378,609	152,745
Number of persons	5	5

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44 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

44.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount				Fair value			
		Amount in Rs'000							
		Financial Assets		Financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2022		Fair value through profit or loss	Amortized cost	Amortized cost					
Financial assets measured at fair value									
Short term investments	26	475,254	-	-	475,254	475,254	-	-	475,254
Long term deposits	21	21,773	-	-	21,773	-	-	-	-
Short term deposits	25	16,095	-	-	16,095	-	-	-	-
		513,122	-	-	513,122	475,254	-	-	475,254
Financial assets not measured at fair value	44.2								
Trade debts	24	-	781,041	-	781,041	-	-	-	-
Contract assets	31	-	27,654	-	27,654	-	-	-	-
Advance to employees	25	-	5,044	-	5,044	-	-	-	-
Other receivables	25	-	120,069	-	120,069	-	-	-	-
Short term investments	26	-	1,268,579	-	1,268,579	-	-	-	-
Cash and bank balances	29	-	389,587	-	389,587	-	-	-	-
		-	2,591,974	-	2,591,974	-	-	-	-
Financial liabilities not measured at fair value	44.2								
Loans and borrowings	8	-	-	13,358,759	13,358,759	-	-	-	-
Other non-current liabilities		-	-	12,934	12,934	-	-	-	-
Short term borrowings	11	-	-	2,241,140	2,241,140	-	-	-	-
Lease liabilities		-	-	314,037	314,037	-	-	-	-
Trade and other payables	44.3	-	-	2,244,648	2,244,648	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	18,182,288	18,182,288	-	-	-	-

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	Note	Carrying amount				Fair value			
		Amount in Rs'000							
		Financial Assets		Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2021		Fair value through profit or loss	Amortized cost	Amortized cost					
Financial assets measured at fair value									
Short term investment	26	640,914	-	-	640,914	640,914	-	-	640,914
Long term deposits	21	28,181	-	-	28,181	-	-	-	-
Short term deposits	25	15,143	-	-	15,143	-	-	-	-
		684,238	-	-	684,238	640,914	-	-	640,914
Financial assets not measured at fair value	44.2								
Trade debts	24	-	404,972	-	404,972	-	-	-	-
Contract assets	31	-	22,863	-	22,863	-	-	-	-
Advance to employees	25	-	7,942	-	7,942	-	-	-	-
Other receivables	25	-	58,153	-	58,153	-	-	-	-
Short term investments	26	-	640,523	-	640,523	-	-	-	-
Cash and bank balances	29	-	283,722	-	283,722	-	-	-	-
		-	1,418,175	-	1,418,175	-	-	-	-
Financial liabilities not measured at fair value	44.2								
Loans and borrowings	8	-	-	14,423,617	14,423,617	-	-	-	-
Other non-current liabilities		-	-	18,801	18,801	-	-	-	-
Short term borrowings	11	-	-	2,612,631	2,612,631	-	-	-	-
Lease liabilities		-	-	218,528	218,528	-	-	-	-
Trade and other payables	44.3	-	-	1,871,134	1,871,134	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	19,155,481	19,155,481	-	-	-	-

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44.2 The Company has not disclosed the fair values for these financial assets and financial liabilities, because their carrying amounts are reasonable approximation of fair value.

44.3 It excludes, federal excise duty, bed tax and sales tax payable, banquet / beverage tax, unearned income and income tax deducted at source.

Financial risk management

The Company has exposure to the following risks arising for financial instruments:
- Credit risk (note 44.4)
- Liquidity risk (note 44.5)
- Market risk (note 44.6)

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

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

44.4 **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade debts from customers.
The carrying amount of financial assets and contract assets represent the maximum credit exposure.

Expected credit losses on financial assets and contract assets recognised in unconsolidated profit or loss were as follows.

	2022	2021
	(Rupees '000)	
Expected credit (reversals) / losses on trade debts and contract assets arising from contract with customers	166,907	(122,392)

i **Trade debts and contract assets**

The Company's exposure to credit risk is influenced mainly by the individual's characteristics of each customer. However, management also considers the factors that may influence the credit risk of customer base, including the default risk associated with the industry and the region in which the customers operate. Detail of concentration of revenue are included in note 30.1.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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The risk management committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Credit limits are established for each customer and are reviewed regularly. Any sales exceeding those limits require approval from appropriate management level.

The Company limits its exposure to credit risk from trade debts by establishing a maximum payment period for each corporate customer based on the management assessment of risk.

Maximum of the Company's customers have been transacting with the Company for many years and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, their geographical location, industry, trading history with the Company and existence of previous financial difficulties.

At reporting date, the exposure to credit risk for trade debts and contract assets by geographical regions was as follows.

	2022		2021	
	Trade debts	Contract assets	Trade debts	Contract assets
	(Rupees '000)		(Rupees '000)	
Pearl Continental Hotel				
- Karachi	**244,383**	**9,142**	177,901	5,239
- Lahore	**498,469**	**8,502**	268,223	6,126
- Rawalpindi	**124,862**	**3,082**	50,824	1,381
- Peshawar	**183,548**	**2,780**	72,623	4,130
- Bhurban	**119,616**	**3,587**	44,524	4,129
- Muzaffarabad	**19,797**	**561**	14,668	1,858
- Hotel One The Mall,	**8,063**	**-**	10,194	-
Destinations of the World- Pakistan	**48,631**	**-**	44,625	-
	1,247,368	**27,654**	683,582	22,863

At reporting date, the exposure to credit risk for trade debts and contracts assets by type of counterparty was as follows;

	Note	2022	2021
		(Rupees'000)	
From related parties		**13,870**	10,514
From government institutions		**43,768**	46,287
Others		**1,217,184**	649,644
	24 & 31	**1,275,022**	706,445

A summary of the Company's exposure to credit risk for trade debts is as follows.

	2022	2021
Customers with external credit rating of A1+ to A3	**100,997**	22,261
Customers without external credit rating	**1,146,371**	661,321
Total gross carrying amount	**1,247,368**	683,582
Allowance for expected credit losses	**(466,327)**	(278,610)
	781,041	404,972

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Expected credit loss assessment for corporate customers

The Company allocates each exposure to a credit risk based on data that is determined to be predictive of the loss (including but not limited to external ratings, audited financial statements, management accounts, cash flow projection and available press information about customers) and applying experienced credit judgment. Credit risk are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definition from agencies (Rating agencies Pakistan Credit Rating Agency (PACRA) and JCR - VIS.

Exposure within each credit risk are segmented by geographical region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect the difference between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the trade debts.

Scalar factors are based on GDP forecast, unemployment rate, Consumer Price Index and exchange rate which are as follows.

Years	Unemployment rate	Consumer price index	Exchange rate
2022	7:00	11.2	205.50
2021	7:40	8.9	157.40
2020	7:60	10.7	161.80
2019	6.9	6.9	150.00

The Company uses an allowance matrix to measure the ECLs of trade debts from corporate customers, which comprises a very large number of small balances.

Loss rates are calculated using "roll rate" method based on the probability of a trade debt progressive through successive stages of delinquency to calculate the weighted average loss rate. Roll rates are calculated separately for exposure in different segments based on following common characteristics - geographic region and age of customer relationship.

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The following table provides information about the exposure to credit risk and ECL for trade debts and contract assets for corporate customers.

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
	(Rupees' 000)			
30 June 2022				
Current	5.0%	352,514	17,509	No
0-30 days past due	6.8%	216,230	14,670	No
30-60 days past due	11.5%	142,750	16,354	No
60-90 days past due	23.3%	93,095	21,714	No
91-150 days past due	31.9%	62,217	19,829	No
151 days and above	92.2%	408,216	376,250	No
		1,275,022	466,326	
30 June 2021				
Current	1.1%	227,326	2,570	No
0-30 days past due	2.8%	59,134	1,640	No
30-60 days past due	5.9%	36,244	2,144	No
60-90 days past due	14.9%	37,429	5,570	No
91-150 days past due	15.9%	37,978	6,053	No
151 days and above	84.5%	308,353	260,633	No
		706,464	278,610	

Movement in the allowance for expected credit losses in respect of trade debts and contract assets

The movement in the allowance for expected credit losses in respect of trade debts and contract assets during the year was as follows.

	2022	2021
	(Rupees' 000)	
Balance at 01 July	278,610	401,002
Impact of change in accounting policy (refer note -03)	20,810	-
Remeasurement of loss allowance	166,907	(122,392)
Balance as at 30 June	466,327	278,610

ii **Long term deposits**

The Company held long term deposits of Rs. 21.77 million as at 30 June 2022 (2021: Rs. 28.19 million). These long term deposits are held with the Government agencies and financial institutions.
Impairment on long term deposits has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its long term deposits have low credit risk based on recoverable from government agencies and customers having external credit rating.

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iii Trade deposit and other receivables

The Company held trade deposit and other receivables of Rs. 136.95 million as at 30 June 2022 (2021: Rs. 73.29 million).
Impairment on trade deposits and other receivables have been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its trade deposits and other receivables have low credit risk.

iv Short term investments

The Company held short term investments of Rs. 1,268.58 million as at 30 June 2022 (2021: Rs. 640.52 million). These short term investments are held with the banks which are rated A1+ based on PACRA and JCR - VIS ratings.

Impairment on short term investments has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its short term investments have low credit risk based on external credit rating of the counterparties.

v Cash at bank

The Company held cash at bank of Rs. 339.16 million as at 30 June 2022 (2021: Rs. 252.95 million). These balances are held with the banks which are rated A1+ to A-2 based on PACRA and JCR - VIS ratings.

Impairment on cash at bank has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its cash at bank have low credit risk based on external credit rating of the counterparties.

44.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, prudent fund management practices and the ability to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	Note	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year and up to five years
		(Rupees' 000)			
2022					
Loans and borrowings	8	13,358,759	15,431,310	5,511,203	9,920,107
Other non-current liabilities		12,934	13,660	-	13,660
Trade and other payables	44.3	2,244,648	2,244,648	2,244,648	-
Short term borrowings	11	2,241,140	2,241,140	2,241,140	-
Lease liabilities		314,037	733,845	129,204	604,641
Unclaimed dividend		9,242	9,242	9,242	-
Unpaid dividend		1,528	1,528	1,528	-
		18,182,288	20,675,373	10,136,965	10,538,407
2021					
Loans and borrowings	8	14,423,617	15,821,916	2,333,493	13,488,423
Other non-current liabilities		18,801	27,320	13,660	13,660
Trade and other payables	44.3	1,871,134	1,871,134	1,871,134	-
Short term borrowings	11	2,612,631	2,612,631	2,612,631	-
Lease liabilities		218,528	625,874	98,064	527,810
Unclaimed dividend		9,242	9,242	9,242	-
Unpaid dividend		1,528	1,528	1,528	-
		19,155,481	20,969,645	6,939,752	14,029,893

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

The contractual cash flows relating to long and short term borrowings have been determined on the basis of expected mark up rates. The mark up rates have been disclosed in note 8 and 11 to this unconsolidated financial statements.

44.6 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rates only.

Foreign currency risk

The PKR is the functional currency of the Company and, as a result, currency exposures arise from transactions and balances in currencies other than PKR. The Company's potential foreign currency exposure comprise:

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically revalued to PKR equivalent, and the associated gain or loss is taken to the profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to forex risk on year end monetary balances:

	2022		2021	
	(Rupees'000)	USD' 000	(Rupees' 000)	USD' 000
Bank balance	3,997	19.35	1,045	6.64

The following significant exchange rate applied during the year:

	Average rates		Balance sheet date rate	
	2022	2021	2022	2021
PKR/ US Dollars	179.64	159.77	206.52	157.40

Foreign currency sensitivity analysis

Following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of USD applied to assets at reporting date represented in foreign currency, with all other variables held constant, of the Company's profit before tax.

	2022	2021
	(Rupees'000)	
Increase in 5% USD rate	(200)	(2,889)
Decrease in 5% USD rate	200	2,889

Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company has long term and short term Pakistan Rupees based loans and borrowing arrangements at variable rates. The local currency loans and borrowings have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Exposure to interest rate risk:

	2022	2021	2022	2021
	Effective interest rates %		(Rupees' 000)	
Variable rate instruments				
Financial assets	0.25 to 13.50	0.25 to 11.3	206,341	175,099
Variable rate instruments				
Financial liabilities	KIBOR + 0.6 to 1.5	KIBOR + 0.6 to 1.5	(15,631,583)	(17,100,651)
			(15,631,583)	(17,100,651)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not effect profit or loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity / profit and loss by Rs. 154.22 million (2021: Rs. 169.32 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

Other market price risk

The primary goal of the Company's investment strategy is to maximize investment returns on surplus funds. The Company adopts a policy of ensuring to minimize its price risk by investing in securities having sound market performance. Certain investments are designated at fair value through profit and loss, because their performance is actively monitored and these are managed on a fair value basis. Equity price risk arises from investments at fair value through profit and loss.

Sensitivity analysis – equity price risk

For quoted investments classified as fair value through profit and loss, a 100 basis point increase in market price at reporting date would have increased profit or loss by Rs. 4.75 million (2021: Rs. 6.41 million) thousand; an equal change in the opposite direction would have decreased profit or loss by the same amount. The analysis is performed on the same basis for 2021 and assumes that all other variables remain the same.

Assets carried at fair value	Level 1	Level 2 (Rupees '000)	Level 3
2022			
Financial assets at fair value through profit or loss	475,254	-	-
2021			
Financial assets at fair value through profit or loss	640,914	-	-

The carrying value of financial assets and liabilities reflected in unconsolidated financial statements approximate their respective fair values.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

45 APPLICATION OF IFRIC INTERPRETATION 12 - SERVICE CONCESSION ARRANGEMENTS

Securities and Exchange Commission of Pakistan through its S.R.O. NO 24 (I)/2012, dated 16 January 2012 has exempted the application of IFRIC 12 - "Service Concession Arrangements", for Companies in Pakistan. Consequently, the Company is not required to account for its arrangement under Build, Operate and Transfer agreement with City District Government Karachi for developing and operating an underground parking facility in Karachi under IFRIC 12. If the Company were to follow IFRIC 12, the effect on the unconsolidated financial statements would have been as follows:

	2022	2021
	(Rupees'000)	
Increase in profit after tax for the year	118	1,487
Derecognition of property, plant and equipment	(145,825)	(162,616)
Recognition of intangible asset	323,222	340,233
Recognition of financial liability	(27,497)	(27,884)
Increase in taxation obligations	48	607
Unappropriated profits	104,406	104,336

46 CAPACITY

	Note	No. of lettable rooms		Average occupancy	
		2022	2021	2022	2021
Pearl Continental Hotel				%	%
- Karachi		288	288	69	51
- Lahore		607	607	54	39
- Rawalpindi		200	200	74	48
* - Peshawar		148	148	68	54
- Bhurban		197	197	70	61
- Muzaffarabad		102	102	48	38

* During the year the Company has contracted for the sale of the property and accordingly this has been classified as non-current asset held for sale. (refer to note 27.2)

47 OPERATING SEGMENTS

The type of services and product offered by the hotel properties are similar in nature hence segment reporting is not considered.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

48 NUMBER OF EMPLOYEES

	2022	2021
Number of employees at the year end	**1,627**	1,491
Average number of employees during the year	**1,523**	1,581

49 EMPLOYEES' PROVIDENT FUND

All the investments out of provident fund trust have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

50 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on 26 September 2022.

Murtaza Hashwani
Chief Executive Officer

M.A. Bawany
Director

Tahir Mahmood
Chief Financial Officer

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2022

NO. OF SHAREHOLDERS	FROM	TO	SHARES HELD	PERCENTAGE
573	1	100	14,665	0.0451
211	101	500	45383	0.1395
30	501	1000	20726	0.0637
36	1001	5000	78092	0.2401
5	5001	10000	28125	0.0865
3	10001	15000	37216	0.1144
1	15001	20000	15950	0.0490
1	20001	25000	21146	0.0650
1	25001	30000	28815	0.0886
1	45001	50000	47088	0.1448
1	60001	65000	61125	0.1879
1	75001	8000	75074	0.2308
1	80001	85000	80276	0.2468
1	170001	175000	172913	0.5316
1	250001	255000	255000	0.7840
1	335001	340000	336535	1.0347
1	380001	385000	382900	1.1773
1	415001	420000	418450	1.2866
1	490001	495000	495000	1.5219
1	970001	975000	974280	2.9956
1	1050001	1055000	1052085	3.2348
1	1100001	1105000	1104551	3.3961
1	1160001	1165000	1163890	3.5785
2	1205001	1210000	2418293	7.4354
1	1905001	1910000	1906260	5.8611
1	2755001	2760000	2760000	8.4860
1	2900001	2905000	2905000	8.9318
1	2960001	2965000	2964332	9.1142
1	3145001	3150000	3150000	9.6851
2	3165001	3170000	6340000	19.4932
1	3170001	3170000	3171000	9.7497
885			**32,524,170**	**100.0000**

Categories of Shareholders:	Shares Held	Percentage
Sponsors, Directors, CEO	508,194	1.55
Associated Companies	10,540,416	32.41
Banks, Development Financial Institutions and Non-Banking Financial Institutions	440,057	1.35
Insurance Companies	28,815	0.09
Modarabas and Mutual Funds	1,123,491	3.45
Foreign Companies	17,856,343	54.90
Individual:		
Local	176,873	0.56
Foreign	19,960	0.06
Others	1,830,021	5.63
	32,524,170	**100**

DISCLOSURE TO PATTERN OF SHAREHOLDINGS
AS AT 30 JUNE 2022

SHAREHOLDERS	SHARES HELD
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND CHILDREN:	
Mr. Sadruddin Hashwani	500
Mr. Murtaza Hashwani	501,037
Mr. M. A. Bawany	2,875
Syed Haseeb Amjad Gardezi	550
Mr. Shakir Abu Bakar	500
Mr. Muhammad Ahmed Ghazali Marghoob	500
Ms. Ayesha Khan	500
Mr. Shahid Hussain	582
Mr. Rohail Ajmal	1,150
	508,194
ASSOCIATED COMPANIES:	
Hashoo Holdings (Private) Limited	979,784
Zaver Petroleum Corporation Limited	2,964,332
Hashoo (Private) Limited	300
OPI Gas (Private) Limited	255,000
Gulf Properties (Private) Limited	3,171,000
Orient Petroleum INC.	3,170,000
	10,540,416
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE, COMPANIES,	
National Bank of Pakistan	418,911
National Investment Trust Limited	21,146
	440,057
INSURANCE COMPANIES	
Alpha Insurance Co. Limited	28,815
MODARBAS & MUTUAL FUNDS:	
CDC - Trustee AKD Index Tracker Fund	5,440
CDC - Trustee AKD Opportunity Fund	100
CDC- Trustee Golden Arrow Selected Stocks Fund Limited	13,400
CDC-Trustee National Investment (UNIT) Trust	1,104,551
	1,123,491

DISCLOSURE TO PATTERN OF SHAREHOLDINGS
AS AT 30 JUNE 2022

SHAREHOLDERS	SHARES HELD
FOREIGN COMPANIES:	
Penoramic International General Trading Llc	382,900
Dominion Hospitality Investments Ltd.	3,150,000
Castle Participations Inc.	3,170,000
Orient Drilling & Oilfield Services Limited	1,209,643
Sharan Associates S.A	2,760,000
Brickwood Investment Holding S.A.	2,905,000
Grenley Investments Limited	1,163,890
Amcorp Investments Limited	1,906,260
Azucena Holdings Limited	1,208,650
	17,856,343
OTHERS:	
Secretary, P.I.A	172,913
President Of Pakistan	336,535
Shakil Express Limited	418
Sheriar F.Irani Invmt.Trut.Ltd	62
Molasses Export Co.(Pvt) Ltd	93
Galadari Invest International	1,052,085
Jahangir Siddiqui & Co Ltd.	990
Rs Publishers (Private) Limited	200
Central Depository Company Of Pakistan Limited	4
First Capital Equities Limited	80
Dawood Foundation	47,088
Trustee National Bank Of Pakistan Employees Pension Fund	75,074
Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	2,634
Arkad Consultants (Private) Limited	160
Trustees of Hamdard Laboratories (WAQF) Pakistan	80,276
H M Investments (Pvt) Limited	214
Kaizen Construction (Pvt) Limited	61,125
Msmaniar Financials (Pvt) Ltd.	67
Fikrees (Private) Limited	2
Ktrade Securities Limited	1
	1,830,021
INDIVIDUAL	**196,833**
	32,524,170

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

PEARL-CONTINENTAL HOTEL, KARACHI

DIRECTORS' REPORT – CONSOLIDATED

Dear Members,

The Board of Directors of Pakistan Services Limited, the Parent Company, is pleased to present before you 63rd Annual Report carrying therewith the audited consolidated financial statements for the year ended on June 30, 2022 and Auditors' Report thereon.

The financial results reflected in the Consolidated Financial Statements for the year ended on June 30, 2022 are as under:

	(Rupees '000)
Loss before taxation	(361,598)
Taxation	(37,920)
Loss after taxation	(399,518)

Loss per share

Loss per share for the year worked out at Rs. 12.28.

During the year under review; the wholly owned subsidiary M/s Pearl Tours & Travels (Private) Limited remain engaged in the business of rent-a-car as well as arrangement of tour packages and generated revenue of Rs. 267 million as compared to Rs. 90 million for last year . During the year under review the Company recorded loss after tax of Rs. 5.69 million as compared to profit of Rs. 7.61 million in last year.

Wholly owned subsidiary companies M/s City Properties (Private) Limited, M/s Elite Properties (Private) Limited have not started their commercial operations, whereas another wholly owned subsidiary M/s Pearl Continental Hotels (Private) Limited remained dormant during the year 2021-22.

The Chairman's Review included in the Annual report shall be treated as part of Director's report which deals inter alia with the financial and operating results along with significant deviations from last year, significant future and other related matters of the Group.

Name of Directors, Board committees and detail of Director's remuneration are included in Un-consolidated Directors report.

Nature of business throughout the year remains the same.

The directors of the company have formulated and implemented adequate internal financial controls.

The retiring auditors, M/s. KPMG Taseer Hadi & Co, Chartered Accountants being eligible, offer themselves for re-appointment as the auditors. The Board, on the recommendation of the Audit Committee, has proposed appointment of M/s KPMG Taseer Hadi & Co, Chartered Accountants as auditors of the Parent Company for the year ending 30 June 2023.

Murtaza Hashwani
Chief Executive Officer

M.A. Bawany
Director

Islamabad: 26 September 2022

ڈائریکٹرز رپورٹ (مجموعی)

محترم حصص داران:

پاکستان سروسز لمیٹڈ، بنیادی کمپنی، کا بورڈ آف ڈائریکٹرز آپ کے سامنے 63 ویں سالانہ رپورٹ پیش کر رہا ہے۔ اس رپورٹ کے ساتھ 30 جون 2022 کو ختم ہونے والے مالیاتی سال کے آڈٹ شدہ اور مربوط شدہ مالیاتی گوشوارے اور اس کے بارے میں آڈیٹرز کی رپورٹ بھی شامل ہے۔

30 جون 2022 کو ختم ہونے والے مالیاتی سال کے مربوط شدہ مالیاتی گوشواروں سے حاصل نتائج درجِ ذیل ہیں:

(000، روپے)

ماقبل ٹیکس نقصان	(361,598)
ٹیکس	(37,920)
بعد از ٹیکس نقصان	(399,518)

فی حصص آمدن

مذکورہ سال کے لیے فی حصص نقصان 12.28 روپے رہا۔

زیرِ نظر سال میں میسرز پرل ٹورز اینڈ ٹریولز (پرائیویٹ) لمیٹڈ، جو کہ مکمل ملکیتی ذیلی کمپنی ہے، نیا اپنا کاروبار یعنی کہ کاروں کو کرایہ پر دینے، اور اس کے ساتھ ساتھ تفریحی سفر کے پیکیجز کے انتظامات، کی سرگرمیاں جاری رکھیں اور 267 ملین روپے کمائے، جب کہ پچھلے سال یہ آمدن 90 ملین روپے تھی۔ زیرِ نظر سال کے دوران کمپنی نے بعد از ٹیکس 5.69 ملین روپے کا نقصان ریکارڈ کیا۔ جبکہ پچھلے سال یہ منافع 7.08 ملین روپے تھا۔

مکمل ملکیتی ذیلی کمپنیوں میسرز سٹی پراپرٹیز پرائیویٹ لمیٹڈ اور میسرز ایلیٹ پراپرٹیز (پرائیویٹ) لمیٹڈ نے اپنی کاروباری سرگرمیوں کا آغاز نہیں کیا ہے جبکہ ایک مکمل ملکیتی ذیلی کمپنی میسرز پرل کانٹینینٹل (پرائیویٹ) لمیٹڈ کی 22-2021 میں سرگرمیاں تقریباً معطل رہیں۔

سالانہ رپورٹ میں شامل چیئرمین کے جائزے کو ڈائریکٹرز رپورٹ کے ایک حصے کے طور پر لیا جائے، جو کہ مالیاتی اور دورانِ کار (آپریشنل) نتائج کے ساتھ ساتھ پچھلے سال کی نسبت نمایاں انحرافات، گروپ کے اہم مستقبل کے منصوبوں اور دیگر متعلقہ معاملات پر مشتمل ہے۔

ڈائریکٹرز کے نام، بورڈ کی کمیٹیوں، اور ڈائریکٹرز کے معاوضہ جات کی تفصیل ڈائریکٹرز کی انفرادی ڈائریکٹرز رپورٹ میں شامل ہے۔

سال بھر کے دوران کاروبار کی نوعیت یکساں رہی۔

کمپنی کے ڈائریکٹرز نے اندرونی مالیاتی ضبط کے کافی اور مناسب انتظامات مرتب اور نافذ کیے ہیں۔

کمپنی کے ڈائریکٹرز نے موثر فنانشل کنٹرول واضع جو کہ مکمل طور پر نافذ ہیں۔

ریٹائرڈ ہونے والے آڈیٹرز نے اہل ہونے کے ناطے اپنے آپ کو آڈیٹرز کی صورت میں دوبارہ تقرری کے لیے پیش کیا۔ آڈٹ کمیٹی کی سفارش پر بورڈ نے ریٹائرڈ ہونے والے آڈیٹرز کو جون 2023 کو ختم ہونے والے سال کے لیے آڈیٹرز مقرر کرنے کی تجویز دی ہے۔

چیف ایگزیکٹو آفیسر
مرتضیٰ ہاشوانی

ڈائریکٹر
ایم۔اے۔ باوانی

اسلام آباد: 26 ستمبر 2022

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

Report on the Audit of the consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Pakistan Services Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2022 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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.

Material Uncertainty relating to Going Concern

We draw attention to Note 2.4 of the consolidated financial statements which indicates that during the year the Group has incurred a loss after tax of Rs. 399.518 million (2021: Rs. 454.615 million) and as 30 June 2022 current liabilities of the Group exceeded its current assets (excluding non-current assets held for sale) by Rs. 6,667 million (2021: Rs.2,561 million) and as at that date, the Group obligation due under financing and lease agreements aggregates to Rs. 8,124 million (2021: Rs. 6,326 million). These events or conditions, along with other matters as set forth in Note 2.4, indicate that a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Relating to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our audit report.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

Following or the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** Refer notes 3.16 and 31.1 to the consolidated financial statements. The Group recognized gross revenue of Rs. 5,312 million and Rs. 7,790 million from rooms and sale of food and beverages respectively for the year ended 30 June 2022. We identified recognition of revenue from rooms and sale of food and beverages as a key audit matter because these are key performance indicators of the Group and gives rise to an inherent risk that rooms and food and beverage revenues could be subject to misstatement to meet expectations or targets.	Our audit procedures to assess the recognition of revenue from rooms and food and beverages, amongst others, included the following: ● obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; ● comparing a sample of revenue transactions recorded during the year with sales invoices and other relevant underlying documents; ● comparing a sample of revenue transactions recorded around the year- end with bookings, sales invoices and other relevant underlying documentation to evaluate if the related revenue was recorded in the appropriate accounting period; ● comparing the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the underlying documentation; ● assessing whether the accounting policies for revenue recognition complies with the requirements of the accounting and reporting standards as applicable in Pakistan; and ● assessing the adequacy of presentation and disclosures related to revenue as required under the accounting and reporting standards as applicable in Pakistan.
2	**Revaluation of land** Refer notes 3.1 and 16 to the consolidated financial statements. The Group recognized revaluation surplus aggregating to Rs. 10,131 million on its freehold land. Revaluation was performed on 30 June 2022. We identified the revaluation of the Group's freehold land as a key audit matter due to significance of the amount of revaluation surplus in relation to the consolidated financial statements.	Our audit procedures to assess the revaluation of freehold land, included the following: ● obtaining and inspecting the valuation reports prepared by the external expert engaged by the Group and on which the management's assessment of the valuation of freehold land was based; ● evaluating the information provided by the Group to the external professional valuer by inspecting the relevant underlying documentation; ● involving a valuation expert engaged by us to assist in evaluating the appropriateness of valuation methodology and assessing the reasonableness of key estimates and assumptions adopted in the valuations report by the valuer engaged by the Group; and

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

S. No.	Key audit matters	How the matter was addressed in our audit
		● checking that the revaluation surplus has been recorded in the consolidated financial statements as per applicable accounting policy; and assessing the adequacy of the disclosures made in consolidated financial statements in accordance with the applicable financial reporting framework.

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the unconsolidated and consolidated financial statements and our auditors' reports thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Atif Zamurrad Malik.

KPMG Taseer Hadi & Co.

Chartered Accountants

Islamabad

5 October 2022

UDIN: AR202210111nGh7qMNU6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	30 June 2022	30 June 2021
		(Rupees'000)	
EQUITY			
SHARE CAPITAL AND RESERVES			
Share capital	4	325,242	325,242
Capital reserves	5	145,070	416,645
Revenue reserves	6	4,055,165	3,943,858
Revaluation surplus on property, plant and equipment	7	39,067,871	29,105,050
Equity attributable to owners		43,593,348	33,790,795
Non-controlling interest		186,344	187,871
Total equity		43,779,692	33,978,666
LIABILITIES			
Loans and borrowings	8	8,730,771	11,619,133
Lease liabilities	9	301,591	130,958
Deferred government grant	8	4,638	21,333
Employee benefits	10	945,299	715,161
Deferred tax liability - net	11	204,411	231,963
Other non-current liability		12,934	18,801
Non current liabilities		10,199,644	12,737,349
Short term borrowings	12	3,047,607	3,139,289
Current portion of loans and borrowings	8	4,940,595	3,077,891
Current portion of lease liabilities	9	135,726	108,699
Trade and other payables	13	2,843,806	2,143,586
Contract liabilities	32	864,663	512,381
Advance against non-current assets held for sale		875,000	-
Unpaid dividend	14	1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		12,718,167	8,992,616
Total equity and liabilities		66,697,503	55,708,631
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

	Note	30 June 2022	30 June 2021
		(Rupees'000)	
ASSETS			
Property, plant and equipment	16	49,695,181	39,821,824
Advances for capital expenditure	17	1,203,165	1,104,612
Intangible assets	18	635,112	252,320
Investment property	19	80,000	70,000
Long term investments	20	1,130,265	633,133
Long term deposits	21	52,518	28,181
Advance against equity	22	189,402	925,139
Non current assets		52,985,643	42,835,209
Inventories	23	407,862	358,918
Development properties	24	1,855,487	3,692,801
Trade debts	25	833,185	418,084
Contract assets	32	27,654	22,863
Advances, prepayments, trade deposits and other receivables	26	512,862	337,719
Short term investments	27	1,288,350	658,453
Non-current assets held for sale	28	7,659,099	6,442,198
Advance income tax - net	29	577,635	548,272
Cash and bank balances	30	549,726	394,114
Current assets		13,711,860	12,873,422
Total assets		66,697,503	55,708,631

Murtaza Hashwani
Chief Executive Officer

M.A. Bawany
Director

Tahir Mahmood
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022	30 June 2021
		(Rupees'000)	
Revenue - net	31	13,485,309	7,076,995
Cost of sales and services	33	(8,503,101)	(4,885,356)
Gross profit		4,982,208	2,191,639
Other income	34	151,190	357,912
Administrative expenses	35	(3,112,889)	(2,096,499)
Other expense	36	(952,973)	(134,394)
(Allowance for) / reversal of impairment loss on trade debts	25	(179,283)	125,885
Operating profit		888,253	444,543
Finance income	37	82,921	107,950
(Loss) / gain on remeasurement of investments to fair value - net		(789)	2,381
Finance cost	38	(1,439,243)	(1,246,772)
Net finance cost		(1,357,111)	(1,136,441)
Share of profit in equity accounted investments - net	20	107,260	133,778
Loss before taxation		(361,598)	(558,120)
Income tax	39	(37,920)	103,505
Loss for the year		(399,518)	(454,615)
Loss attributable to:			
Owners of the Parent Company		(357,305)	(428,674)
Non-controlling interests		(42,213)	(25,941)
		(399,518)	(454,615)

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Murtaza Hashwani	M.A. Bawany	Tahir Mahmood
Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	30 June 2022	30 June 2021
	(Rupees'000)	
Loss for the year	(399,518)	(454,615)
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefits liability	(117,390)	(24,744)
Surplus on revaluation of property, plant and equipment	10,131,256	-
Related tax effect	34,043	7,176
	10,047,909	(17,568)
Items that may be subsequently reclassified to profit or loss		
Exchange gain / (loss) on translation of long term investments in equity accounted investees	589,151	(122,314)
Share of other OCI items of associate	(21,164)	2,196
Share of remeasurement of defined benefit obligation of associate	1,166	336
Related tax effect	(170,854)	35,471
	398,299	(84,311)
Total other comprehensive income- (loss) for the year	10,446,208	(101,879)
Total comprehensive income - (loss) for the year	10,046,690	(556,494)
Total comprehensive income - (loss) attributable to:		
Owners of the Parent Company	10,088,903	(530,553)
Non-controlling interests	(42,213)	(25,941)
	10,046,690	(556,494)

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Murtaza Hashwani
Chief Executive Officer

M.A. Bawany
Director

Tahir Mahmood
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Share capital	Share premium	Acquisition reserve	Share of associate's capital reserve	Revenue reserves				Surplus on revaluation of property, plant and equipment	Total	Non-controlling interest	Total equity
					General reserve	Exchange translation reserve (net of tax)	Share of other OCI items of associate	Unappropri-ated profit				
	(Rupees'000)											
Balance at 01 July 2020	325,242	269,424	-	147,221	1,600,000	1,137,393	46,808	1,636,629	29,243,031	34,405,748	79,909	34,485,657
Total comprehensive income for the year												
Loss for the year	-	-	-	-	-	-	-	(428,674)	-	(428,674)	(25,941)	(454,615)
Other comprehensive income for the year	-	-	-	-	-	(86,843)	2,196	(17,232)	-	(101,879)	-	(101,879)
Total comprehensive income for the year - loss	-	-	-	-	-	(86,843)	2,196	(445,906)	-	(530,553)	(25,941)	(556,494)
Transactions with owners												
Advance against issuance of shares	-	-	-	-	-	-	-	-	-	-	28,503	28,503
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	21,000	21,000
Effect on change in ownership	-	-	-	-	-	-	-	(84,400)	-	(84,400)	84,400	-
	-	-	-	-	-	-	-	(84,400)	-	(84,400)	133,903	49,503
Transfer on disposal	-	-	-	-	-	-	-	137,981	(137,981)	-	-	-
Balance at 30 June 2021	325,242	269,424	-	147,221	1,600,000	1,050,550	49,004	1,244,304	29,105,050	33,790,795	187,871	33,978,666
Balance at 01 July 2021	325,242	269,424	-	147,221	1,600,000	1,050,550	49,004	1,244,304	29,105,050	33,790,795	187,871	33,978,666
Impact of change in accounting policy - (refer note-03)	-	-	-	-	-	-	-	(14,775)	-	(14,775)	-	(14,775)
Adjusted balance at 01 July 2021	325,242	269,424	-	147,221	1,600,000	1,050,550	49,004	1,229,529	29,105,050	33,776,020	187,871	33,963,891
Total comprehensive income for the year												
Loss for the year	-	-	-	-	-	-	-	(357,305)	-	(357,305)	(42,213)	(399,518)
Other comprehensive income for the year	-	-	-	-	-	418,297	(21,164)	(82,181)	10,131,256	10,446,208	-	10,446,208
Total comprehensive income for the year	-	-	-	-	-	418,297	(21,164)	(439,486)	10,131,256	10,088,903	(42,213)	10,046,690
Transactions with owners												
Advance against issuance of shares	-	-	-	-	-	-	-	-	-	-	40,686	40,686
Excess of Groups' share in net assets at acquisition- net of tax	-	-	92,581	-	-	-	-	-	-	92,581	-	92,581
	-	-	92,581	-	-	-	-	-	-	92,581	40,686	133,267
Transfer on disposal	-	-	-	-	-	-	-	168,435	(168,435)	-	-	-
Acquisition of investment in associate (transaction with entities under common control) note-50.1	-	-	(364,156)	-	-	-	-	-	-	(364,156)	-	(364,156)
Balance at 30 June 2022	325,242	269,424	(271,575)	147,221	1,600,000	1,468,847	27,840	958,478	39,067,871	43,593,348	186,344	43,779,692

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Murtaza Hashwani
Chief Executive Officer

M.A. Bawany
Director

Tahir Mahmood
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022	30 June 2021
		(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	40	3,229,138	1,516,339
Working capital changes			
Inventories		(48,944)	(68,713)
Development property		1,837,314	71,084
Trade debts		(615,194)	(75,648)
Contract assets		(4,791)	(19,285)
Advances		(15,738)	7,527
Trade deposits and prepayments		(4,635)	27,168
Other receivables		(144,026)	18,731
Contract liabilities		352,282	108,448
Non current liabilities		(5,867)	18,801
Trade and other payables		541,085	(582,264)
Cash generated from / (used in) operations		1,891,486	(494,151)
Staff retirement benefit - gratuity paid		(35,244)	(83,255)
Compensated leave absences paid		(18,262)	(42,865)
Income tax paid		(241,063)	(149,624)
Finance cost paid		(2,204,360)	(487,750)
Net cash generated from operating activities		2,621,695	258,694
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(1,048,313)	(782,539)
Advance for capital expenditure		(17,073)	(943)
Proceeds from disposal of property, plant and equipment		223,593	84,326
Acquisition of subsidiary - net of cash		1,356	-
Software procurement/ development expenditure		(137,744)	(64,955)
Proceeds from disposal of non current assets held for sale		-	645,938
Long term investment		(550,000)	-
Advance against non-current assets held for sale		875,000	-
Dividend income received		60,452	52,811
Increase in non-current assets held for sale		(493,557)	-
Short term investments		(628,330)	(86)
Advance against equity investment		(4,669)	(282,945)
Receipts of return on bank deposits and short term advance		79,261	57,305
Long term deposits and prepayments		(6,192)	5,476
Net cash used in investing activities		(1,646,216)	(285,612)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans and borrowings		(596,301)	(395,037)
Proceed from loans and borrowing		-	36,873
Proceed from issuance of preference shares		-	279,000
Advance against issuance of shares		40,686	28,503
Increase in non-controlling interest		-	21,000
Short term loan		279,809	293,328
Refund of loan to director		-	(150,000)
Transaction cost paid		(8,200)	(8,200)
Lease liabilities paid		(135,184)	(121,566)
Net cash used in financing activities		(419,190)	(16,099)
Net increase / (decrease) in cash and cash equivalents		556,289	(43,017)
Cash and cash equivalents at beginning of the year		(2,184,209)	(2,141,192)
Cash and cash equivalents at end of the year	41	(1,627,920)	(2,184,209)

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Murtaza Hashwani	M.A. Bawany	Tahir Mahmood
Chief Executive Officer	Director	Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1 THE GROUP AND ITS OPERATIONS

Pakistan Services Limited ("the Parent Company") was incorporated on 06 December 1958 in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) as a public limited Company and is quoted on Pakistan Stock Exchange Limited.

The Parent Company is principally engaged in the hotel business and owns and manages the chain of Pearl Continental Hotels in Pakistan. The Parent Company also grants franchise to use its trademark and name "Pearl Continental". Further, the Parent Company is also in the process of constructing hotels in Multan and Mirpur Azad Jammu and Kashmir.

The Parent Company registered office is situated at 1st Floor, NESPAK House, Sector G-5/2, Islamabad. The addresses of lands, hotel buildings and other properties owned by the Parent Company located in Karachi, Lahore, Rawalpindi, Bhurban, Peshawar, Multan, Muzaffarabad and Mirpur are disclosed in note 16.1.5. In addition to those disclosed in note 16.1.5, the Group has its business units located in Blue Area Islamabad, JJ Janan Market , Jutail, Gilgit, Aga Khan Road, Shalimar 5, F-5, Islamabad and 9 Abdullah Haroon Road, Civil Lines Karachi.

As at the reporting date, the Parent Company has the following subsidiaries, which together with the Parent Company Constitutes "the Group".

Subsidiary companies	Nature of business	Holding
Pearl Tours and Travels (Private) Limited	Rent-a-car, tour packages and travel related work	100%
Pearl Continental Hotels (Private) Limited	Non-operational	100%
City Properties (Private) Limited "CPPL"	Real estate development	100%
Elite Properties (Private) Limited	Real estate development	100%
Invency (Private) Limited (through CPPL)	Conglomerate	78.31%

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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 Standards), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017; and

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

In case the requirements of the Companies Act, 2017 differ from the IFRS Standards or IFAS, the requirements of the Companies Act, 2017 have been followed.

2.2 Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the subsidiary companies together constituting "the Group".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2.2.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in consolidated statement of profit or loss immediately. Transaction costs are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in consolidated statement of profit or loss. Any contingent gain is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in consolidated statement of profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

These consolidated financial statements include Pakistan Services Limited (PSL) and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiaries).

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary, except those part of the initial acquisition transaction, that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise of interests in associates and a jointly controlled entity. Associates are those entities in which the Group has significant influence, but not control over the financial and operating policies. A jointly controlled entity is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the jointly controlled entity are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investee, until the date on which significant influence or joint control ceases.

Transactions elimination in consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra- group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Pak Rupee at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Pak Rupee at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in the consolidated statement of comprehensive income and accumulated in the foreign currency translation reserve.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated statement of profit or loss account as part of the gain or loss on disposal. When the Group disposes of only a part of an associate or jointly controlled entity while retaining significant influence or control, the relevant proportion of the cumulative amount is reclassified to consolidated statement of profit or loss.

2.3 Basis of measurement and preparation

These consolidated financial statements have been prepared under historical cost convention except for the following items which are measured on an alternative basis on each reporting date.

Item	Measurement basis
Land	Revaluation model
Investment property	Fair value
Investments classified as fair value through profit or loss	Fair value
Investments classified as fair value through other comprehensive income	Fair value
Employee benefits -Net defined benefit liability	Present value of the defined benefit liability, determined through actuarial valuation

The method used to measure fair values are disclosed in respective policy notes.

2.4 Going concern basis of accounting

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue its operations and will discharge its liabilities including repayment of loans and interest thereon, in the normal course of business. Accordingly, these consolidated financial statements do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

During the year, the Group has incurred aa loss after tax of Rs. 399.518 million (2021: Rs. 454.615 million) and current liabilities of the Group as at 30 June 2022 exceeds its current assets (excluding non-current assets held for sales) by Rs. 6,667 million (2021: Rs. 2,561 million). The Group's obligation due under financing and lease agreements as at 30 June 2022 aggregates to Rs. 8,124 million (2021: Rs. 6,326 million). This liquidity position is mainly due to adverse impact of COVID-19 on hoteling industry during the year 2020 and 2021.

As evident from the operating results during the year, the situation has improved significantly during the year. Operating profit during the year remained at Rs. 888 million, which have increase by Rs. 444 million compared to the last year. Further there has been a net increase in cash and cash equivalents by Rs. 556 million during the year. This increase in cash and cash equivalents during the year is after the repayment of the Group's debt obligations aggregating Rs. 2,800 million during the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

year. Management expects the situation to improve in foreseeable period and is confident that operating cash flows along with cash flows from sale of certain assets will be adequate to support the Group's operations and to fulfill obligations as and when due. The Parent Company during the year has successfully contracted for the sale of its hotel property located in Peshawar, substantial portion of sale proceeds from this property will contribute towards funding the liquidity gap and repayment of Group's borrowing obligations.

The historical trends after COVID -19 are positive and the Group during the year has earned operating profit of Rs. 888 million as compared to Rs. 444 million earned during the previous year. The Group's asset base remains strong as evident by further increase in value of its properties. The surplus on revaluation of assets increased by Rs. 9,963 million during the year. This strong asset base is reflected in net equity of the Group which stood at Rs. 43,780 million as at the reporting date.

The Group has been promptly meeting its debts obligations as and when due in recent past. All above indicators along with the projected cash flows indicate the Group's ability to meet its funding obligation. Accordingly, management has a reasonable expectation that the Group will have adequate resources to continue its operational existence and manage its obligations for the foreseeable future and shall remain a going concern.

Management acknowledges that the manner and timing of all the assumptions and projected results envisaged in management's assessment and cash flow projection are always subject to unforeseen variability, and these may differ due to events and conditions outside the control of management, hence inherently an uncertainty remains on the manner of achievement of projected results, which may be material. However, incase due to unforeseen and uncontrollable events, the going concern assumption is no longer valid, this could have an impact on the Group's ability to realize its assets, and to extinguish its liabilities in the normal course of business.

2.5 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees (Rupee or PKR), which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.6 Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

- Note 3.1 & 16.1 useful lives, reassessed values, residual values and depreciation method of property, -plant and equipment
- Note 15 recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 3.13 & 10 measurement of defined benefit obligations: key actuarial assumptions
- Note 3.14 & 11 & 39 recognition of deferred tax liabilities and estimation of income tax provisions
- Note 3.9 & 25 - measurement of allowance for expected credit loss
- Note 2.4 – going concern basis of accounting

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair value, both for financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows;

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in 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 (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set out below have been applied consistently to all periods presented in these consolidated financial statements expect for the change presented below:

During the year Securities and Exchange Commission of Pakistan issue an SRO. 177(I)/2021 dated 13th September 2021 through which only financial assets due from Government of Pakistan in respect of circular debt will be exempt from the requirements of calculating expected credit loss as per the requirements of IFRS 9 "Financial Instruments" till 30 June 2022. As the Group's receivable from Government of Pakistan is not in respect of circular debt, the Group has recorded the impact of expected credit loss on opening balances of financial asset due from Government of Pakistan in the Consolidated Statement of Changes in Equity. These has been no change in classification of financial assets and financial liabilities due to this change in accounting policy.

3.1 Property, plant and equipment and advance for capital expenditure

Recognition and measurement
Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses except for:

- land (free hold and lease hold) which is carried at revalued amount
- capital work in progress and advance for capital expenditure which are stated at cost less impairment loss, if any.

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Land (free hold and lease hold) are recognized at revalued amounts based on valuation by external independent valuer. Long term leases of land in which the Group obtains control of the land are accounted for as property, plant and equipment and presented as 'leasehold land'. Revaluation surplus on property, plant and equipment is credited to a capital reserve in shareholders' equity and presented as a separate line item in consolidated statement of financial position. Increases in the carrying amounts arising on revaluation of land are recognized, in consolidated statement of comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in consolidated statement of profit or loss, the increase is first recognized in consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in consolidated statement of comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to consolidated statement of profit or loss.

Cost comprises of purchase price and other directly attributable costs less refundable taxes. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use. The completed or / acquired capital work in progress and advance for capital expenditure is transferred to the respective item of operating fixed assets when it becomes available for intended use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognized in consolidated statement of profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the diminishing balance method over their estimated useful lives, and is generally recognised in consolidated statement of profit or loss at rates given in note 16 to these consolidated financial statements. Leased assets are depreciated over the shorter of the leased term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and capital work in progress is not depreciated. Rates of depreciation are mentioned in note 16.1.1 to these consolidated financial statements.

Depreciation on additions to property, plant and equipment is charged on prorate basis from the month in which property, plant and equipment is acquired or capitalized while no depreciation is charged for the month in which property, plant and equipment is disposed of / derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.2 Intangible asset

Intangible assets are measured at cost, less accumulated amortization, and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the diminishing balance method over their estimated useful lives, on monthly basis and is recognized in consolidated statement of profit or loss. Amortization rate is mentioned in note 17.

Amortization on additions to intangible assets is charged on prorata basis from the month in which intangible assets is acquired or capitalized while no Amortization is charged for the month in which intangible assets is disposed off / derecognized.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

3.3 Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date.

Right of use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Rates of depreciation are mentioned in note 16.1.1.

The Group presents right of use assets that do not meet the definition of investment property in 'property, plant and equipment' in consolidated statement of financial position.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments.

Short term leases and low-value assets

The Group has elected not to recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and the leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.4 Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in consolidated statement of profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in consolidated statement of profit or loss.

When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

3.5 Inventories

3.5.1 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at weighted average cost except for items in transit which are stated at cost incurred up to the reporting date less impairment, if any. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Group reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores, spare parts and loose tools.

3.5.2 Stock in trade

These are valued at lower of cost and net realizable value. Cost comprises cost of purchases and other costs incurred in bringing the items to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

The Group reviews the carrying amount of stock in trade on a regular basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stock in trade.

3.6 Financial instruments

The Group initially recognizes financial assets on the date when they are originated. Trade and other receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

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

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3.6.1 **Financial asset**

Classification

On initial recognition, a financial asset is classified as measured at:
- amortized cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

a) **Amortized cost**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) **Fair value through other comprehensive income (FVOCI)**

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms 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 (FVTPL)**

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

Subsequent measurement

Financial assets at amortised cost	Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in consolidated profit or loss. Any gain or loss on de-recognition is recognized in consolidated statement of profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in consolidated profit or loss. Other net gains and losses are recognized in consolidated OCI. On de-recognition, gains and losses accumulated in consolidated statement of OCI are reclassified to consolidated statement of profit or loss.
Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in consolidated statement of profit or loss.
Equity investment at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in consolidated profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in consolidated OCI and are never reclassified to consolidated statement of profit or loss.

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De-recognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

3.6.2 Financial liabilities

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

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the consolidated statement of profit or loss for the period in which it arises.

3.6.3 Offsetting

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

3.7 Trade and other receivables

Trade and other receivables are initially stated at fair value of consideration to be received. Subsequent to initial recognition these are carried at their amortized cost as reduced by appropriate charge for expected credit losses, if any. The Group holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortized cost using the effective interest method. Impairment of trade debts and other receivables is described in note 3.9.

3.8 Common control transactions

Business combination between entities under common control, is accounted for using book value (predecessor) accounting method. Any difference between the consideration paid by the Group and the book value of net asset acquired is recognized in equity. Common control transactions are accounted for from the date of completion and comparative information is not restated.

3.9 Trade and other payables

Trade and other payables are initially carried at the fair value of the consideration to be paid in future for goods and services received. Subsequent to initial recognition, these are carried at amortized cost.

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3.10 Impairment

3.10.1 Impairment of financial assets

The Group recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost, other than those due from the Government of Pakistan entities. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

At each reporting date, the Group assesses whether the financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

3.10.2 Impairment of non-financial assets

The carrying amount of the group's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in consolidated statement of profit or loss. Impairment losses in respect of cash-generating units are allocated to the carrying amounts of assets in the cash-generating unit group on pro-rata basis. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.11 Provisions

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

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3.12 Contingent liabilities

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

3.13 Share capital and dividend

Ordinary shares are classified as equity and recognised at their face value. Dividend distribution to the shareholders is recognised as liability in the period in which it is declared.

3.14 Employee benefits

3.14.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.14.2 Defined contribution plan – Provident fund

The Group operates a defined contribution provident fund scheme for permanent employees. Contributions to the fund are made monthly by the Group and employees at an agreed rate of salary, the fund is managed by its Board of Trustees. The contributions of the Group are charged to consolidated statement of profit or loss.

3.14.3 Defined benefit plans

The Group operates the following defined benefit plans:

(a) Gratuity

The Group operates defined benefit plan comprising an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme.

The Group's net liability in respect of this defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit liability is performed annually by a qualified actuary using the projected unit credit method (PUC).

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in consolidated statement of comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the year by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in consolidated statement of profit or loss.

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in consolidated statement of profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(b) Compensated leave absences

The Group operates defined benefit plan comprising an unfunded compensated leave absences scheme covering all eligible employees as specified by the scheme.

The Group recognizes provision for compensated absences on the un-availed balance of privilege leaves of all its permanent employees. The calculation of defined benefit liability is performed annually by a qualified actuary using the projected unit credit method (PUC) and related expense related to defined benefit plans are recognized in consolidated statement of profit or loss.

3.15 Income tax

Income tax expense comprises current and deferred tax. It is recognised in consolidated statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or statement of comprehensive income.

Current tax

Provision for current tax is based on taxable income for the year at the applicable tax rates after taking into account tax credit and tax rebates, if any and any adjustment to tax payable in respect of previous year.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the

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carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this assumption. Deferred tax assets and liabilities are offset if certain criteria are met.

3.16 Revenue recognition

The Group generates revenue from room rentals, food and beverages sales, shop license fees, rent-a-car and tour packages, sale of real estate and revenue from minor operating departments.

3.16.1 Revenue from contracts with customers

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers including significant payment terms, and the related revenue recognition policies.

Type of services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policy
Room revenue	The performance obligation is satisfied at the point in time when control of room is transferred to the customer, which is mainly at the time of handing over of room key. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Room revenue is recognized on the rooms occupied on daily basis and after completing all other obligation related to the room.
Food and beverages revenue	The performance obligation is satisfied at the point in time when food and beverages are served to the customer. For service charges levied on food and beverages, the performance obligation is satisfied at the point in time when the food and beverages are served. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Food and beverages revenue is recognized on consumption of food and beverages by the customer.
Revenue from other related services	The performance obligation is satisfied at the point in time/ over ime when services are provided to the customer. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Revenue from other related services is recognized when the services are provided.
Revenue from franchise & management fee	The performance obligation is satisfied over time when franchise rights and management services are provided to the customer. There is no financing component involved.	Revenue from franchise & management fee other related services is recognized when the services are provided.
Revenue form car rental & tour packages	Performance obligation is satisfied at point in time when car rental and tour package services are delivered to the customer. There is no financing component. Discounts are offered to the customers at the management's discretion.	Revenue from car rental and tour package service is recognized when service is provided to the customers.
Revenue from real estate	The performance obligation is satisfied at point in time when the ownership title of land or building is transferred to the customers at transaction price. There is no financing component involved.	Revenue from real estate segment is recognized when the ownership title of land or building is transferred to the customers at transaction price.

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Contract cost

The contract cost is the incremental cost that the Group incurs to obtain a contract with customers that it would not have incurred if the contract had not been obtained. The Group recognized contract cost as an expense in the consolidated statement of profit or loss on a systematic pattern of revenue.

Contract assets

The contract assets primarily relate to the Group's right to consideration for service provided but not billed at the reporting date. The contract assets are transferred to trade debts when the rights become unconditional. This usually occurs when the Group issue an invoice to the customer.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfer services to a customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group perform its performance obligation under the contract.

3.16.2 Other income

Other income is recognized on an accrual basis. Net gains and losses of disposal of property, plant and equipment have been recognized in the consolidated statement of profit or loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Dividend income from investments is recognized when the Group's right to receive has been established.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

3.17 Non – current assets held for sale

Non-current assets are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses, if any, on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in consolidated statement of profit or loss. Once classified as held-for-sale, property, plant and equipment are no longer amortized or depreciated.

3.18 Foreign currency transactions and translations

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupee at the exchange rate ruling on the reporting date and exchange differences, if any, are recognised in consolidated statement of profit or loss.

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3.19 Operating profit

Operating profit is the result generated from continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes finance income, finance costs, income taxes and reversals of impairment.

3.20 Finance income and finance cost

The Group's finance income and finance costs include interest income, dividend income, bank charges, interest expense, foreign currency gain or loss on financial assets and financial liabilities. Interest income or expense is recognised using the effective interest method. Dividend income is recognised in consolidated statement of profit or loss on the date on which the Group's right to receive payment is established.

Mark-up, interest and other charges on borrowings used for the acquisition and construction of qualifying assets are capitalized up to the date when the qualifying assets are substantially ready for their intended use. Borrowing cost is included in the related property, plant and equipment acquired/constructed out of the proceeds of such borrowings.

3.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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3.22 Development properties

Development properties include land acquired to carry on real estate business and property development. These are carried in the consolidated statement of financial position at lower of cost and net realizable value. Cost includes purchase costs, related government taxes, construction cost, borrowing cost and other overheads necessary to bring the properties in the saleable condition. Net realizable value represents the selling price in the ordinary course of business less cost of completion and estimated cost necessary to be incurred for making the sale. This also includes advances given to acquire the land / villas.

3.23 Government grant

The Group recognizes government grants as deferred income at fair value when there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with grant. Grants that compensate the group for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

3.24 Ijarah contracts

Assets held under Ijarah arrangement are not recognized in the group's consolidated statement of financial position. Payments made under ijarah contracts are charged to consolidated statement of profit or loss on a straight-line basis over the term of the Ijarah lease arrangement.

3.25 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short term investments and short-term borrowings under mark-up arrangements, used by the Group in the management of its short-term commitments.

3.26b Standards, Interpretations and Amendments to Accounting and Reporting Standards as applicable in Pakistan that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2022:

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

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IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

- Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies.
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Group financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

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- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The Group is currently in the process of determining the impact of above amendments on its consolidated financial statements.

3.27 **Following new standards, amendments or interpretations became effective during the period 01 July 2021, but they do not have a material effect on the Group's consolidated financial statements:**

Effective date	New standards or amendments
1 January 2022	Amendments to IFRS 3, amendments to business combinations
1 January 2022	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
1 January 2022	Amendments relevant to IFRS-09(B-3.3.6), IFRS-16(Illustrative Example-13), IAS-41(Paragraph 22), reporting periods beginning on or after 1 January 2022.
1 January 2022	Fees paid or received between the entity (the borrower) and the lender, Paragraph B3.3.6 of IFRS 9
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

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4 SHARE CAPITAL

4.1 **Authorised share capital**

Authorized share capital is 200,000,000 (2021: 200,000,000) ordinary share of Rs. 10 each.

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

2022	2021		2022	2021
Number of shares			(Rupees'000)	
		Ordinary shares of Rs.10 each		
25,672,620	25,672,620	- Fully paid in cash	**256,726**	256,726
362,100	362,100	- For consideration other than cash (against property)	**3,621**	3,621
6,489,450	6,489,450	- Fully paid bonus shares	**64,895**	64,895
32,524,170	32,524,170		**325,242**	325,242

4.2.1 All ordinary shares rank equally with regard to the Parent Company's residual assets. Holders of the shares are entitled to dividends from time to time and are entitled to one vote per share at the general meetings of the Parent Company.

4.2.2 As of the reporting date 10,540,416 (2021: 10,540,416) and 503,657 (2021: 580,733) ordinary shares of Rs. 10 each were held by associated companies and directors of the Parent Company respectively.

4.3 **Capital management**

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stake holders, and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders and/or issue new shares. There were no changes to Group's approach to capital management during the year.

5 CAPITAL RESERVES	Note	2022	2021
		(Rupees'000)	
Share premium	5.1	**269,424**	269,424
Share of associate's capital reserve		**147,221**	147,221
Acquisition reserve		**(271,575)**	-
		145,070	416,645

5.1 Capital reserve represents share premium as and when received.

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		Note	2022	2021
			(Rupees'000)	
6	REVENUE RESERVES			
	General reserve		1,600,000	1,600,000
	Exchange translation reserve		1,468,847	1,050,550
	Surplus on remeasurement of FVOCI securities		27,840	49,004
	Unappropriated profits		958,478	1,244,304
			4,055,165	3,943,858
7	REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT			
	Balance at 01 July		29,105,050	29,243,031
	Surplus on revaluation recognized during the year	16.1.3	10,131,256	-
	Transferred to revenue reserves		(168,435)	(137,981)
	Balance at 30 June		39,067,871	29,105,050
8	LOANS AND BORROWINGS - Secured			
a.	Non current portion			
	Term Finance Loan - 1	8.1	534,035	539,515
	Term Finance Loan - 2	8.2	1,662,520	1,679,577
	Term Finance Loan - 3	8.3	1,765,539	1,932,879
	Term Finance Loan - 4	8.4	1,800,000	1,984,476
	Term Finance Loan - 5	8.5	149,818	289,513
	Sukuk	8.6	6,390,184	6,455,742
	Preference shares	8.7	279,000	279,000
	Transaction cost		(27,080)	(28,056)
			12,554,016	13,132,646
	Current portion of loans		(3,971,901)	(2,338,277)
			8,582,115	10,794,369
	Mark-up accrued non-current		148,656	824,764
			8,730,771	11,619,133
b.	Current portion			
	Current portion of loans		3,971,901	2,338,277
	Mark-up accrued		968,694	739,614
			4,940,595	3,077,891

8.1 This represents outstanding balance of term finance loan of Rs. 350 million and Rs. 500 million carrying mark-up of 3-month KIBOR plus 1.5% (2021: 3-month KIBOR plus 1.5%) per annum. These are secured against first pari passu equitable mortgage charge on land and building of Pearl Continental Hotel, Rawalpindi for an amount of Rs. 1,534 million (2021: Rs. 1,534 million), ranking hypothecation charge over all present and future movable assets of Pearl Continental Hotel, Rawalpindi to the extent of Rs. 734 million (2021: Rs. 734 million). The loan was restructured in last year with grace period, and the outstanding loan amount is repayable in twenty quarterly instalments starting from 01 July 2022.

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8.2 This represents outstanding balance of term finance loan of Rs. 2,150 million carrying mark-up of 3-month KIBOR plus 0.75% (2021 :3-month KIBOR plus 0.75%) per annum payable quarterly. This facility is secured against charge over land and building of Pearl Continental Hotel, Rawalpindi and Peshawar to the extent of Rs. 1,200 million (2021: Rs. 1,200 million) and Rs. 1,667 million (2021: Rs. 1,667 million) respectively. The loan was restructured in last year with grace period, and the outstanding loan amount is repayable in twenty quarterly instalments starting from 01 July 2022.

8.3 This represents outstanding balance of term finance loan of Rs. 3,000 million carrying mark-up of 3-month KIBOR plus 0.75% (2021: 3-month KIBOR plus 0.75%) per annum payable quarterly. This facility is secured against ranking equitable mortgage charge over land and building of Pearl Continental Hotel, Karachi and ranking hypothecation charge on all present and future fixed and current assets of Pearl Continental Hotel, Karachi to the extent of Rs. 4,000 million (2021: Rs. 4,000 million). The loan facility has been restructured in last year and as per restructured term additional security by way of mortgage charge over Pearl Continental hotel Multan has been registered in favour of the bank and personal guarantees of major shareholders are also provided to the bank. The restructuring agreement also requires the Parent Company to accumulate cash reserves from disposal of certain properties and bank has an unconditional right to initiate, debt property swap of Pearl Continental Hotel, Multan by 31 March 2022 in case as proceeds from disposal of properties is not materialised, however by the end of year the bank has not yet initiated the debt property swap. Regular loan repayment and mark-up has been served during the year as per term of agreement.

In view of the lender's unconditional right to initiate debt property swap in respect of Pearl Continental Hotel, Multan, the outstanding balance of principal amount and accrued mark up of this loan facility has been classified as 'current'.

8.4 This represents term finance loan of Rs. 2,000 million carrying mark-up of 6-month KIBOR plus 0.65% per annum payable semi-annually (2021: 6-month KIBOR plus 0.65%) per annuum. This facility is secured against first pari passu equitable mortgage charge over land and building and first pari passu hypothecation charge on all present and future moveable assets of Pearl Continental Hotel, Peshawar with 25% margin. The loan was restructured in last year with grace period, and the outstanding loan amount is repayable in ten equal semi annual instalments started from May 2022. The loan contained a covenant stating that the debt coverage service ratio shall be maintained at 1.5 times. The Parent Company could not meet the minimum threshold as at 30 June 2022. However, the management obtained a waiver from the bank, accordingly the loan was not payable on demand as at 30 June 2022.

8.5 This represents outstanding balance of loan facility of Rs. 448 million and Rs. 7.74 million availed by Parent Company and subsidiary company under the State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries to the workers. The loan is extended at below-market rate of 3% per annum (2021: 3% per annum) payable quarterly and is secured against first pari passu ranking charge over fixed assets including land and building of Pearl Continental Hotel, Karachi subject to subsequent perfection to the extent of Rs. 598 million (2021: Rs. 598 million) and hypothecation charge over the specific inventory of the subsidiary company. The loan is repayable in eight equal quarterly instalments.

The Parent Company and subsidiary received the loan on below-market rate therefore recognized the deferred grant on the statement of financial position as the difference between the actual loan proceed and the present value of the loan proceed received, discounting using the prevailing market rate of interest.

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	2022	2021
	(Rupees'000)	
Opening balance	21,333	30,148
Loan proceeds received	-	36,873
Fair value of the loan proceeds	-	(33,974)
	-	2,899
Amortization during the year	(16,695)	(11,714)
	4,638	21,333

8.6 This represents outstanding balance of rated, secured, long term privately placed Sukuk certificates. Pak Brunei Investment Company Limited is the trustee while Faysal Bank Limited is acting as shariah structuring advisor for this Sukuk arrangement. The Sukuk tenor is six years, and carries profit of 03-month KIBOR plus 1% (2021: 6-month KIBOR plus 1%) per annum payable semi-annually. The Sukuk is secured by way of first mortgage charge on Pearl Continental Hotel, Lahore with 25% margin and hypothecation on all the present and future assets (excluding land and building) of Pearl Continental Hotel, Lahore. The loan was restructured in last year with grace period, and the outstanding loan amount is repayable in twenty quarterly instalments starting from September 2022.

8.7 This represents 2.790 million convertible, cumulative, redeemable and privately placed preference shares (the preference shares) of Rs. 100 each amounting to Rs. 279 million under the Share Subscription Agreement (the agreement) issued by the subsidiary company under financing arrangement has issued . Each holder of the preference shares shall have the right to receive dividends at a fixed rate of 15% per annum, on a cumulative basis. The dividend is payable subject to the profitability of the subsidiary company. The right of dividend shall terminate and cease automatically upon either full conversion or redemption of preference shares. Preference shares will be convertible only at the option of the investor, into ordinary shares of the subsidiary company after expiry of 5th year from the issue date. This financing arrangement is secured by hypothecation over all the subsidiary company's present and future fixed and current assets (excluding land and building) and corporate guarantee issued by the Parent Company amounting to Rs. 630 million (2021: Rs. 630 million). This financing facility is also secured by assigning all the patent rights and receivables of the subsidiary company.

8.8 Under the terms of restructure financing agreements, the Parent Company will not pay any dividend, and repay subordinated related party loans during the relief period. Further, all existing and future related party loans shall be subordinated to the Bank.

9 LEASE LIABILITIES

	Note	2022	2021
		(Rupees'000)	
Lease liabilities - Vehicles	9.1	82,464	85,532
Lease liabilities - Land and rental spaces		283,780	154,125
	9.2	366,244	239,657
Payable against advance for capital expenditure		71,073	-
		437,317	239,657
Current portion		135,726	108,699
Non current portion		301,591	130,958

9.1 This represents outstanding balance of lease faciities avialed from financial institutions and carries mark-up of 3-month KIBOR plus 0.9% to 1.5% (2021: 3-month KIBOR plus 1%) per annum payable quarterly. The facility is secured by way of ownership of leased assets.

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		2022	2021
		(Rupees'000)	
9.2	**Maturity of Lease liabilities is follows**		
	Not later than one year	179,569	118,433
	Later than one year and not later than five years	277,690	93,063
	Later than five year	435,083	436,561
		892,342	648,057
	Imputed interest	(455,025)	(408,400)
		437,317	239,657
9.3	**Movement of lease liabilities is as follows:**		
	Balance as at 01 July	239,657	359,084
	Interest expense	27,537	26,886
	Additions	259,512	5,692
	Payments	(160,462)	(148,452)
	Lease modification	-	(3,553)
		366,244	239,657
9.4	**Maturity of lease payable under lease arrangements is follows**		
	Balance as at 01 July	-	-
	Interest expense	3,046	-
	Additions	73,332	-
	Payments	(5,305)	-
		71,073	-
	Current portion	(19,697)	-
		51,376	-

9.5 The Group has recognised lease rentals in the consolidated statement of profit or loss amounting to Rs. 19.33 million (2021: Rs. 6.938 million) relating to short term leases.

9.6 The current payable amount to related party is Rs. 3.60 million (2021:Rs. 4.80 million)

		Note	2022	2021
10	EMPLOYEE BENEFITS		(Rupees'000)	
	Net defined benefit liability - gratuity	10.1.1	816,984	610,595
	Net defined benefit liability - compensated leave absences	10.2.1	128,315	104,566
			945,299	715,161

10.1 **Net defined benefit liability - gratuity**

The Group operates an unfunded gratuity scheme for its eligible employees detail of which are as follows:

		Note	2022	2021
10.1.1	**Movement in net defined liability - gratuity**		(Rupees'000)	
	Present value of defined benefit obligation		610,595	625,602
	Included in consolidated statement of profit or loss	10.1.3	150,866	87,131
	Benefits paid		(35,244)	(63,586)
	Benefits due but not paid		(26,623)	(63,298)
	Included in consolidated statement of comprehensive income	10.1.4	117,390	24,746
	Balance at 30 June		816,984	610,595

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		2022	2021
		(Rupees'000)	
10.1.2	**Reconciliation of liability recognised in the consolidated statement of financial position**		
	Present value of defined benefit liability	816,984	610,595
	Net defined benefit liability	816,984	610,595
10.1.3	**Included in consolidated statement of profit or loss**		
	Current service cost	77,790	39,361
	Interest cost	57,147	47,770
	Past service cost	16,279	-
	Plan settlement	(350)	-
		150,866	87,131
10.1.3.1	**Expense is recognized in the following line items in consolidated statement of profit or loss**		
	Cost of sales and services	106,846	55,552
	Administrative expenses	44,020	31,579
		150,866	87,131
10.1.4	**Included in consolidated statement of comprehensive income**		
	Actuarial loss from changes in financial assumptions	2,206	850
	Experience adjustments on defined benefit liability	115,184	23,896
		117,390	24,746

10.1.5 Actuarial assumptions

The latest actuarial valuation was carried out on 30 June 2022 using projected unit credit method with the following key assumptions:

Significant assumptions	Note	2022	2021
Discount rate		13.25%	9.00%
Expected increase in eligible salary		13.25%	N/A
Other assumptions			
Mortality rate	10.1.5.1	SLIC 2001-2005	SLIC 2001-2005
Withdrawal rate		Age - based	Age - based
Retirement assumption		Age-60	Age-60

10.1.5.1 Assumption regarding future mortality has been based on State Life Corporation (SLIC 2001-2005), ultimate mortality rate with 1 year setback as per recommendation of Pakistan Society of Actuaries (PSOA).

10.1.6 Sensitivity analysis of significant assumption

For a change of 100 basis points, present value of defined benefit liability at reporting date would have been as follows:

	2022		2021	
	Increase	Decrease	Increase	Decrease
	(Rupees'000)		(Rupees'000)	
Discount rate	722,971	811,621	616,586	694,910
Salary increase rate	811,898	721,963	694,953	615,575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10.1.6.1 Although the analysis does not take into account full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

10.1.6.2 The Group's expected charge for the defined benefit liability - gratuity for the next year is Rs. 108.69 million

10.1.7 Risk associated with defined benefit liability- gratuity

10.1.7.1 Salary risk - (linked to inflation risk)

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

10.1.7.2 Demographic risks

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

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

10.1.8 Expected benefit payments for the next 10 years and beyond;

Years	2022	2021
	(Rupees'000)	
FY 2022	-	32,791
FY 2023	32,569	65,486
FY 2024	77,957	62,626
FY 2025	106,769	82,238
FY 2026	106,690	75,921
FY 2027	123,228	94,774
FY 2028	120,099	89,614
FY 2029	271,796	191,196
FY 2030	207,259	139,675
FY 2031	233,666	157,246
FY 2032/31 onwards	151,475	-
FY 2033/32 onwards	2,477,143	1,229,657

10.2 Net defined benefit liability - compensated leave absences

The Group operates an unfunded compensated leave absences scheme covering all eligible employees details of which are as follows:

	Note	2022	2021
		(Rupees'000)	
10.2.1 Movement in defined benefit liability - compensated leave absences			
Balance at 01 July		104,566	110,617
Included in consolidated statement of profit or loss	10.2.3	43,917	26,418
Payments made during the year		(18,262)	(25,017)
Benefits due but not paid		(1,906)	(7,452)
Balance at 30 June		128,315	104,566

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		Note	2022	2021
			(Rupees'000)	
10.2.2	**Reconciliation of liability recognised in the consolidated statement of financial position**			
	Present value of defined benefit liability		128,315	104,566
10.2.3	**Included in consolidated statement of profit or loss**			
	Current service cost		28,094	27,496
	Interest cost		9,384	8,022
	Experience adjustments on defined benefit liability		6,324	(9,100)
	Plan settlement		115	-
			43,917	26,418
10.2.3.1	**Expense is recognized in the following line items in consolidated statement of profit or loss**			
	Cost of sales and services		20,227	11,921
	Administrative expenses		23,690	14,497
			43,917	26,418
10.2.4	**Actuarial assumption**			
	Discount rate		13.25%	9.00%
	Expected increase in eligible salary		13.25%	N/A
	Mortality rate	10.2.4.1	SLIC 2001-2005	SLIC 2001-2005
	Withdrawal rate		Age - based	Age - based
	Retirement assumption		Age-60	Age-60

10.2.4.1 Assumption regarding future mortality has been based on State Life Corporation (SLIC 2001-2005), ultimate mortality rate with 1 year setback as per recommendation of Pakistan Society of Actuaries (PSOA).

10.2.5 **Sensitivity analysis**

For a change of 100 basis points, present value of defined benefit liability at reporting date would have been as follows:

	2022		2021	
	Increase	Decrease	Increase	Decrease
	(Rupees'000)		(Rupees'000)	
Discount rate	121,009	139,923	104,407	123,064
Salary increase rate	139,609	121,139	122,758	104,524

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10.2.5.1 Although the analysis does not take into account full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

10.2.6 Risk associated with defined benefit liability- compensated leave absences

10.2.6.1 Salary risk- (linked to inflation risk)

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

10.2.6.2 Demographic risks

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

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

11 DEFERRED TAX LIABILITY

	Net balance at 01 July 2021	Impact of change in accounting policy	Recognized in		Net balance at 30 June 2022
			Profit or loss (Note 39)	Other comprehensive income	
2022			(Rupees'000)		
Taxable temporary differences					
Property, plant and equipment	777,749	-	(71,890)	-	705,859
Exchange translation reserve	304,660	-	-	170,854	475,514
Unrealized gain on investment in associate	-	-	-	16,338	16,338
Deductible temporary differences					
Net defined benefit liability - gratuity	177,073	-	(16,905)	(34,043)	126,125
Net defined benefit liability - vacation pay	30,324	-	(6,644)	-	23,680
Impairment loss on trade debts	85,040	(6,035)	(51,992)	-	27,013
Unadjusted depreciation losses	446,878	-	-	-	446,878
Share in loss of equity accounted investments	38,795	-	-	-	38,795
Provision for obsolescence - inventory	1,096	-	-	-	1,096
Short term investment	1,740	-	-	-	1,740
Long term investment	-	-	463	-	463
Lease liability	69,500	-	(27,698)	-	41,802
	850,446	(6,035)	(102,776)	(34,043)	707,592
	231,963	(6,035)	(174,666)	153,149	204,411

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	Net balance at 01 July 2020	Impact of change in accounting policy	Recognized in Profit or loss (Note 39)	Recognized in Other comprehensive income	Net balance at 30 June 2021
2021			(Rupees'000)		
Taxable temporary differences					
Property, plant and equipment	1,033,592	-	(255,843)	-	777,749
Exchange translation reserve	311,235	-	28,896	(35,471)	304,660
Unrealized gain on investment in associate	-	-	-	-	-
Deductible temporary differences					
Net defined benefit liability - gratuity	183,354	-	(13,457)	(7,176)	177,073
Net defined benefit liability - vacation pay	-	-	30,324	-	30,324
Unadjusted depreciation losses	121,565	-	(36,525)	-	85,040
Share in loss of equity accounted investments	245,415	-	201,463	-	446,878
Provision for obsolescence - inventory	176,095	-	(137,300)	-	38,795
Short term investment	596	-	500	-	1,096
Short term investment	1,740	-	-	-	1,740
Long term investment	-	-	-	-	-
Lease liability	104,134	-	(34,634)	-	69,500
	832,898	-	10,371	(7,176)	850,446
	511,929	-	(237,318)	(42,647)	231,963

12 SHORT TERM BORROWINGS - Secured	Note	2022 (Rupees'000)	2021
Running finance facilities - from banking companies- secured	12.1	**2,176,245**	2,578,000
Short term loan - unsecured	12.2	**806,467**	526,658
Mark-up accrued		**64,895**	34,631
		3,047,607	3,139,289

12.1 These facilities are obtained from various commercial banks with an aggregate limit of Rs. 2,330 million (2021: Rs. 2,630 million) which are secured against pari passu equitable mortgage charge on fixed assets and hypothecation charge on stock-in-trade, trade debts, receivables and all other moveable properties of Pearl Continental Hotel Karachi and Rawalpindi and lien on certain listed securities held by the Parent Company. These facilities carry mark-up rates ranging from 1-month KIBOR to 3-month KIBOR plus 0.6% to 1.5% (2021: 1-month KIBOR to 3-month KIBOR plus 0.6% to 1.5%) per annum.

12.2 This includes loan from directors Rs. 539.44 million (2021: Rs. 259.63 million) and from related parties Rs. 267.03 million (2021: Rs. 267.03) million.

12.3 The Group has unutilised running finance facilities aggregating to Rs. 153.76 million (2021: Rs. 52 million) at the year end.

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13 TRADE AND OTHER PAYABLES	Note	2022	2021
		(Rupees'000)	
Creditors		1,100,660	899,765
Accrued liabilities		620,803	494,469
Shop deposits	13.1	53,575	49,743
Retention money		170,161	141,683
Due to related parties - unsecured		35,346	40,687
Sales tax payable		222,063	117,915
Income tax deducted at source		42,760	14,087
Un-earned income		58,409	52,605
Payable to provident fund		7,877	7,604
Other liabilities	13.2	532,152	325,029
		2,843,806	2,143,586

13.1 As per terms of written agreement with customers, the amount of shop deposits are fully utilizable by the Parent Company and have been utilized for business purpose.

13.2 This includes amount of Rs. 22.47 million (2021: Rs. 63.91 million) payable to director of the Parent Company and Rs. 125 million (2021: Nil) payable on behalf of a subsidairy.

14 UNPAID DIVIDEND

As per the provision of Section - 242 of the Companies Act, 2017 and directives of the Securities and Exchange Commission of Pakistan vide circular no. 18 dated 01 August, 2017, cash dividend will only paid through electronic mode directly in the bank accounts of shareholders, accordingly this unpaid dividend pertains to those shareholders who did not provided their valid bank accounts details.

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 For tax related contingencies please refer note 39.2.

15.1.2 Guarantees	Note	2022	2021
		(Rupees'000)	
Guarantees issued by banks on behalf of the Group		403,416	311,478
15.2 Commitments			
Commitments for capital expenditure		2,816,748	3,789,933

16 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	16.1	45,964,339	36,141,987
Capital work in progress	16.2	3,730,842	3,679,837
		49,695,181	39,821,824

16.1 OPERATING FIXED ASSETS

16.1.1 Reconciliation of carrying amount

	Owned								Right of use asset		
	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture, fixtures, fittings and office equipment	Computers	Vehicles	Land and rental spaces	Vehicles	Total
Cost / Revalued amounts	Rupees'000										
Balance at 01 July 2020	14,042,479	14,722,910	2,597,549	2,455,788	5,011,089	3,894,121	791,535	390,843	315,926	231,945	44,454,185
Additions	-	-	2,993	-	36,475	52,714	26,171	777	5,692	-	124,822
Disposals	-		-	-	-	(1,009)	(3,473)	(33,967)	-	-	(38,449)
Lease termination	-	-	-	-	-	-	-	-	(9,466)	(21,877)	(31,343)
Transfer from CWIP		-	153,997	112,602	260,238	148,308	16,824	-	-	-	691,969
Asset classified as held for sale	(790,000)	-	(42,303)	-	(5,712)	(3,892)	(641)	-	-	-	(842,548)
Transfer from leased assets to owned assets								-		-	-
Balance at 30 June 2021	13,252,479	14,722,910	2,712,236	2,568,390	5,302,090	4,090,242	830,416	357,653	312,152	210,068	44,358,636
Balance at 01 July 2021	13,252,479	14,722,910	2,712,236	2,568,390	5,302,090	4,090,242	830,416	357,653	312,152	210,068	44,358,636
Additions			-	-	43,693	15,401	8,898	1,121	203,563	68,445	341,121
Disposals	(168,435)	-	(50,509)	(18,456)	(1,365)		(868)	(48,524)	-	(4,379)	(292,536)
Lease termination	-	-						32,323	(194,026)	(32,323)	(194,026)
Transfer from CWIP (refer note)	-	-	156,925	312,503	332,789	111,661	4,423	-	-	-	918,301
Revaluation surplus	5,583,736	4,547,520	-	-	-	-	-	-	-	-	10,131,256
Transfer	-	-	-	-	-	-	-	74,889	-	(74,889)	-
Transfer from non-current asset held for sale(refer note - 28	2,620,000	-	128,739	-	-	-	-	-	-	-	2,748,739
Transfer to non-current asset held for sale		(2,570,000)		(398,779)	(245,574)	(281,139)	(47,103)	(2,028)	-	-	(3,544,623)
Balance at 30 June 2022	21,287,780	16,700,430	2,947,391	2,463,658	5,431,633	3,936,165	795,766	415,434	321,689	166,922	54,466,868
Accumulated depreciation											
Balance at 01 July 2020	-	-	838,667	943,278	2,948,309	1,697,937	499,604	188,717	94,871	51,166	7,262,549
Depreciation	-	-	91,857	72,426	309,139	324,157	83,777	24,811	84,593	26,911	1,017,671
Disposals	-	-	-		-	(687)	(2,364)	(25,709)	-	(1,030)	(29,790)
Lease termination	-	-	-	-	-	-	-	-	(6,348)	-	(6,348)
Held for sale asset	-	-	(20,557)	-	(3,883)	(2,471)	(522)	-		-	(27,433)
Transfer from lease assets to owned assets	-	-									-
Balance at 30 June 2021	-	-	909,967	1,015,704	3,253,565	2,018,936	580,495	187,819	173,116	77,047	8,216,649
Balance at 01 July 2021	-	-	909,967	1,015,704	3,253,565	2,018,936	580,495	187,819	173,116	77,047	8,216,649
Depreciation (refer note -16.1.6)	-	-	110,250	76,515	299,983	297,513	67,986	22,364	76,483	25,281	976,375
Disposals	-	-	(38,761)	(7,233)	(673)	-	(590)	(17,159)	-	(1,985)	(66,401)
Lease termination	-	-	-	-	-	-	-	9,161	(194,026)	(9,161)	(194,026)
Transfer	-	-	-	-	-	-	-	31,782	-	(31,782)	-
Transfer to non-current asset held for sale	-	-		(114,696)	(130,121)	(148,234)	(35,540)	(1,478)	-	-	(430,069)
Balance at 30 June 2022	-	-	981,456	970,290	3,422,754	2,168,215	612,351	232,489	55,573	59,400	8,502,528
Carrying amount - 30 June 2021	13,252,479	14,722,910	1,802,269	1,552,686	2,048,525	2,071,306	249,921	169,834	139,036	133,021	36,141,987
Carrying amount - 30 June 2022	21,287,780	16,700,430	1,965,935	1,493,368	2,008,879	1,767,950	183,415	182,945	266,116	107,522	45,964,339
Rates of depreciation per month/useful life (2022 and 2021)	-	-	5%	5%	15%	15%	30%	15%	1.5 - 40 years	15%	

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16.1.2 The operating fixed assets are secured against various loan availed by the Parent Company. Refer note 8 and 12.

16.1.3 **Revaluation surplus on property, plant and equipment**

Freehold and leasehold land were revalued on 30 June 2022 by an independent valuer, based on market value basis by assessing and enquiring values of similar location in the vicinity. The fair value when determined falls under level 3 hierarchy. Sensitivity analysis has not been presented since data about observable inputs is not available.

Had the aforementioned revaluation not carried out, the book value of freehold and leasehold land would have been Rs. 1,633.43 million (2021: Rs. 252.67 million).

16.1.4 The forced sale value of the revalued land has been assessed at Rs. 30,338 million (2021: Rs. 22,652 million).

16.1.5 Particulars of business units and immovable fixed assets (i.e. land and building) of the Parent Company are as follows:

Location	Address	Particular	Land area (Sq. yards)
Karachi	Plot No. 11, CL 11, Club Road - hotel property	Land and building	23,255
Karachi	Civil Line Quarters, Abdullah Haroon Road (refer note 16.1.7)	Land and building	13,101
Lahore	Upper Mall - hotel property	Land and building	74,440
Lahore	Defence Housing Authority (refer note 16.1.8)	Building	-
Rawalpindi	Property No.253, Survey No. 559, The Mall Road hotel property	Land and building	26,668
Peshawar	Survey No.32-B, Khyber Road, Peshawar Cantt - hotel property	Land and building	25,167
Multan	Askari By-Pass Road, Mouza Abdul Fateh - hotel property	Land and under Construction building	8,303
Hunza	Mominabad	Land	24,107
Gilgit	Airport Road	Land	16,375
Chitral	Zargarandeh	Land	11,464
Bhurban	Compartment No. 08, at Bhurban Tehsil, Murree - hotel property	Building	-
Muzaffarabad	Upper Chattar, Muzaffarabad. - hotel property	Building	-
Mirpur	Village Barban Tehsil & District, Mirpur - hotel property	Under construction building	-

16.1.6 Depreciation charge has been allocated as follows:	Note	2022	2021
		(Rupees'000)	
Cost of sales and services	33	805,517	836,113
Administrative expenses	35	170,858	181,558
		976,375	1,017,671

16.1.7 The Parent Company purchased this property from an associated company, the possession of the property has been transferred to the Company, however NOC for transfer of title was not issued by respective department for transfer title in favor of the Company and the property is still in the name of Hashoo (Private) Limited, an associated company. The cost of this property was Rs. 1,539.34 million (2021: Rs. 1,539.34 million) and current market value is Rs. 3,770 million (2021: Rs. 3,280 million).

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16.1.8 The Parent Company constructed building for spa and saloon facility under an agreement of absolute transfer and assignment agreement with Nirvana, a partnership firm - a related party . As per the term of the said agreement Nirvana will use two floors of this building. Since completion certificate from Defence Housing Authority Lahore (DHAL) has not been obtained yet, therefore the transfer of title of the property is pending. The carrying value of this building is Rs. 79.78 million (2021: Rs. 83.89 million).

16.1.9 **Detail of disposal of operating fixed assets:**

Description	Cost	Carrying value	Sale proceeds	Gain/ (Loss)	Mode of disposal	Purchaser	Relationship with purchaser
	(Rupees'000)						
Operating fixed assets							
Land	168,435	168,435	168,435	-	Negotiation	Taimur Hassan	
Building	50,509	11,748	6,565	(5,183)	Negotiation	Taimur Hassan	
Building	18,456	11,223	-	(11,223)			
Vehicle	2,541	989	2,000	1,011	Negotiation	Orient Petroleum Inc.	Related Party
Vehicle	9,276	5,538	5,538	-	Company policy	Syed Haseeb Amjad Gardezi	Director
Vehicle	1,516	917	917	-	Company policy	Muhammad Riaz Ul Hassan	Employee
Vehicle	1,993	1,220	1,934	714	Company policy	Majeed Butt	Employee
Vehicle	1,993	1,175	1,276	101	Company policy	Tariq Bin Yousuf	Employee
Vehicle	1,087	877	-	(877)	Insurance	Tpl Insurance Limited	Insurance
Vehicle	1,003	761	982	221	Company policy	Mukhtar Ahmed	Employee
Vehicle	1,617	1,226	1,613	386	Company policy	Muhammad Shahid Bashir	Employee
Vehicle	1,063	806	1,464	658	Company policy	Zulfiqar Ahmed Malik	Employee
Vehicle	1,617	1,226	1,553	327	Company policy	Mansoor Khan	Employee
Vehicle	685	520	740	221	Company policy	Aqeel Abbas	Employee
Vehicle	795	603	899	296	Company policy	Sajid Anis	Employee
Vehicle	999	758	990	232	Company policy	Hamid Bashir	Employee
Vehicle	685	520	740	221	Company policy	Shahid Rasheed	Employee
Vehicle	729	552	945	393	Company policy	Rana Kashif Shahbaz	Employee
Vehicle	1,003	761	969	209	Company policy	Nouman Iftikhar	Employee
Vehicle	966	723	1,396	673	Company policy	Tahir Mahmood	Employee
Vehicle	845	633	934	300	Company policy	Asif Ikram	Employee
Vehicle	729	546	899	353	Company policy	Syed Rafi Raza Rizvi	Employee
Vehicle	953	714	957	243	Company policy	Javed Tariq Sheikh	Employee
Vehicle	1,003	751	957	206	Company policy	Fawad Ul Hassan	Employee
Vehicle	1,175	869	1,153	284	Company policy	Syed Ali Raza Naqvi	Employee
Vehicle	685	507	722	215	Company policy	Yousuf Iqbal	Employee
Vehicle	729	539	899	360	Company policy	Muhammad Amin Kharadi	Employee
Vehicle	3,982	2,596	2,662	66	Company policy	Rashid Rauf Banday	Employee
Vehicle	1,807	797	1,901	1,104	Insurance	TPL Insurance Co	
Vehicle	2,322	691	691	-	Company policy	Ali Ahmed	Director of Subsidiary
Aggregate of other items with individual book values not exceeding Rs. 500,000	6,957	4,521	8,361	3,840			
	288,157	223,742	219,093	(4,649)			
Right of Use Asset							
Vehicle	4,379	2,394	4,500	2,106	Insurance	TPL Insurance Co	
2022	292,536	226,136	223,593	(2,543)			
2021	60,326	30,536	84,326	53,790			

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		Note	2022	2021
16.2	Capital work in progress		(Rupees'000)	
	Balance at 01 July		3,679,837	6,679,529
	Additions during the year		969,306	1,045,220
	Transfers to operating fixed assets		(918,301)	(691,969)
	Transfers to non-current asset held for sale		-	(3,258,553)
	Writen down adjustment		-	(94,390)
	Balance at 30 June	16.2.1	3,730,842	3,679,837
16.2.1	Construction of Pearl Continental Hotel Mirpur	16.2.2	3,661,460	3,574,120
	Other civil works		69,382	105,717
	Construction of Pearl Continental Hotel Multan		-	3,258,553
	less: transfers to non-current assets held for sale		-	(3,258,553)
			3,730,842	3,679,837

16.2.2 This also includes capitalized borrowing cost amounting to Rs. 507.46 million (2021: Rs. 507.46 million). During the year no borrowing is capitalized.

		Note	2022	2021
17	ADVANCES FOR CAPITAL EXPENDITURES		(Rupees'000)	
	Advance for purchase of land	17.1	666,820	666,820
	Advance for purchase of Malir Delta Land	17.2	381,656	381,656
	Allowance for Impairment loss		(40,000)	(40,000)
			1,008,476	1,008,476
	Advance for purchase of apartment		40,509	40,509
	Allowance for Impairment loss		(40,509)	(40,509)
			-	-
	Advance for purchase of fixed assets		34,183	11,087
	Advances for Pearl Continental Multan Project		-	74,906
	Transferred to held for sale		-	(74,906)
	Advances for Pearl Continental Mirpur Project		79,026	85,049
			113,209	96,136
	Advance for vehicles under lease arrangements		81,480	-
			1,203,165	1,104,612

17.1 This includes amount of Rs. 626.82 million (30 June 2021: Rs. 626.82 million) paid to a related party, Associated Builders (Private) Limited, for purchase of tourist site piece(s) of land measuring 7.29 acres in Gwadar, in previous years, the Securities and Exchange Commission of Pakistan (SECP) has imposed penalty on the Parent Company's directors under the provisions of section 199 of the Companies Act, 2017 by treating this advance as 'investment in associated company' and also directed the Parent Company to place the matter before the shareholders of the Parent Company in the general meeting and seek their approval in terms of section 199 of the Companies Act, 2017. The directors of the Parent Company has filed an appeal in the Honarable Islamabad High Court against the order of SECP. Simultaneously, without prejudice to the right of the Appelants, the management and Board have complied with the directions of SECP in this regard.

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17.2 This represents amount paid for purchase of 1/3rd share (113.34 acres of land) from Ms. Seema Tressa Gill's situated in Deh Dih in the Delta of Malir River. The Parent Company relying upon the representation of good title by Ms. Seema Tressa Gill entered into a Agreement to Sale with her 1/3rd share (113.34 acres land) against a total sale consideration of Rs. 80 million which was followed by registered documents inter-alia includes a Deed of Conveyance. The relevant documents provide for indemnification by the Seller's against all losses, detriments occasioned to or sustained/ suffered by the Purchaser due to any defect in the title of the Seller. The Parent Company also paid regularization fee amounting to Rs. 301.65 million to the Land Utilization Department Govt. of Sindh on her behalf through Challan.

Legal proceedings of the above said piece of land were instituted in the Courts of Law, the Parent Company being aggrieved and dissatisfied with a impugned judgment of High Court against dismissal of its Constitution Petition has filed a Civil Petition for Leave to Appeal (CPLA) before Honourable Supreme Court of Pakistan and presently the matter is pending adjudication before the Apex Court and Group is diligently pursuing the same. The Parent Company is hopeful of a favorable result. However, even if there is an adverse decision as per legal opinion, the Parent Company would be entitled to recover the amounts from the Seller as well as from the relevant Government Department. In this regard the paid Challan for regularization fee also states that "Subject to the condition that the land in question is available on site and the lease money may be deposited into Government Treasury in the relevant Head of Accounts by the depositor at his own risk. In case if any irregularity/false information/ concealment of facts/ stay of court is noticed hereafter, the malkano amount paid to this effect by the depositor shall be reimbursed.

17.3 This represents advances extended for purchase of vehicles under the leasing arrangements.

		Note	2022	2021
18	INTANGIBLE ASSETS		(Rupees'000)	
	Project under development	18.2	499,103	176,736
	Software	18.4	213,329	107,977
			712,432	284,713
18.1	**Cost**			
	Opening balance		284,713	160,930
	Additions : Project under development	18.2	16,438	15,806
	Additions : Project under development	18.3	305,929	-
	Additions : Software	18.4	92,202	107,977
	Additions : Software	18.5	13,150	-
	Closing balance		712,432	284,713
	Accumulated amortisation			
	Opening balance		32,393	-
	Amortisation charge		44,927	32,393
	Closing balance		77,320	32,393
	Net book value			
	Cost		712,432	284,713
	Accumulated amortisation		77,320	32,393
	Closing balance		635,112	252,320
	Amortisation rate per annum			
	Project under development		5%	5%
	Software		30%	30%

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18.2 This represents development cost incurred by the subsidiary company in relation to the development of Estoterik Resistive Hollow Fiber Membrane (ERM) Technology.

18.3 This represents development cost incurred by the subsidiary company in relation to the development of product namely "Foree".

18.4 This represents the computer software acquired by the Parent Company during the year. The purchase consideration is payable in monthly installments and the outstanding liability of Rs. 4.88 million is included in trade and other payables.

18.5 This represents purchase of software by Subsidiary company.

		Note	2022	2021
19	INVESTMENT PROPERTY		(Rupees'000)	
19.1	**Reconciliation of carrying amount**			
	Balance at 01 July		70,000	65,000
	Increase in fair value	19.2	10,000	5,000
	Balance at 30 June	19.1.1	80,000	70,000

19.1.1 This represents piece of land, located at Gwadar, owned by the Parent Company held for capital appreciation. On 30 June 2022, an independent valuation exercise was carried out to assess the fair value of investment property. The price of land of the investment property is assessed based on market research carried out in the area where the property is situated. The fair value of the property is based on independent valuer's judgment about average prices prevalent on the said date in the vicinity / locality and has been prepared on openly available / provided information after making relevant inquiries. The valuer holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Particulars of Investment Property and Forced sale value are as follows:

Location	Area (Sq. yards)	FSV Rs. '000'
Khasra no. 59 min, khewat no.12, and khatooni no. 12, katat 20, mouza ankara north, tehsil & district Gwadar, Balochistan	484,000	68,000

19.2 Increases in fair value are recognised as gains in consolidated statement of profit or loss and included in other income. All increase in fair value of investment property are unrealised.

19.3 **Measurement of fair values**

19.3.1 **Fair value hierarchy**

The fair value of investment property was determined by external, independent valuers, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The fair value measurement of the investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. Since the value has been determined by the external independent valuer and inputs are unobservable, sensitivity analysis has not been presented.

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		Country of incorporation / Jurisdiction	Amount in Foreign Currency	Percentage of holding	Note	2022 (Rupees'000)	2021
20	LONG TERM INVESTMENTS						
	Associated undertaking - unquoted						
	Hashoo Group Limited	British Virgin Island	$9,800,000	14%	20.1	-	-
	Hotel One (Private) Limited	Pakistan		17.85%	20.2	-	-
	Associated undertaking - quoted						
	Jubilee General Insurance Company Limited - an associated company	Pakistan	-	7.6%	20.3 & 20.3.1	468,262	633,133
	Associated undertaking - unquoted	Pakistan	-	11.26%	20.3.1		
	Zaver Petroleum Corporation (Private) Limited					662,003	-
						1,130,265	633,133
	Investment in jointly controlled entity - unquoted						
	Pearl Continental Hotels Limited	United Arab Emirates	$4,750,000	50%	20.4	-	-
	<u>Other investments</u>						
	Fair value through other comprehensive income - unquoted company						
	Malam Jabba Resorts Limited					1,000	1,000
	Impairment loss					(1,000)	(1,000)
						-	-
						1,130,265	633,133

20.1 **Hashoo Group Limited**

The Parent Company holds 98,000 (2021: 98,000) ordinary shares of US$ 100 each in Hashoo Group Limited (HGL). HGL is treated as an 'associate' due to the Parent Company's significant influence over it due to common directorship. Due to prevailing political turmoil, unrest, law and order situation in Libya, this Investment has been fully impaired.

This is an equity investment therefore period of investment is not specific, the Parent Company has not received any return from this investment, during the term of investment no default / breach is made.

Beneficial owner of Hashoo Group Limited are:

Name	Address
Pakistan Services Limited	1st Floor Nespak House Islamabad
Saladala Investment INC	53rd street 16th Floor Panama, the republic of Panama

20.2 **Hotel One (Private) Limited**

The Parent Company holds 500,000 (2021: 500,000) ordinary shares of Rs.100 each in Hotel One (Private) Limited (HOPL). HOPL is treated as an 'associate' due to the Parent Company's significant influence over it due to common directorship. This investment was fully impaired based on prudence, considering the accumulated losses.

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20.3 **Jubilee General Insurance Company Limited**

The Parent Company holds 15,056,661 (2021: 15,056,061) ordinary shares of Rs.10 each in Jubilee General Insurance Company Limited (JGIL). JGIL is treated as an 'associate' due to the Parent Company's significant influence over it due to common directorship. Carrying value of Jublie General Insurance is restricted to the extent of fair value of investment.

20.3.1 **Investment in Associated Undertakings**

	Note	2022	2021
		(Rupees'000)	
Cost of investment		1,534,082	1,534,082
Addition	20.3.1.2	550,000	-
		2,084,082	1,534,082
Share of equity brought forward		1,744,331	1,761,859
Share of profit for the year - net		109,866	136,317
Excess of Groups' share in net assets at acquisition		108,919	-
Share of surplus on remeasurement of FVOCI for the year		(21,164)	2,196
Share of experience adjustments on defined benefit obligation of associate		1,166	336
Share of exchange translation reserve for the year		493,946	(103,678)
Dividend received		(60,227)	(52,698)
		632,506	(17,528)
		2,376,837	1,744,331
Impairment losses			
Opening balance		(2,645,280)	(2,678,618)
(Loss) / reversal recognised during the year		(685,374)	33,338
		(3,330,654)	(2,645,280)
		1,130,265	633,133

20.3.1.2 During the year the Group acquired 7,882,500 (2021: nil) number of shares representing 11.26 % (2021: nil) shareholding in Zaver Petroleum Corporation (Private) Limited (ZPCL), a related party, ZPCL is treated as an 'associate' due to the Group's significant influence over it due to common directorship. Group acquired these shares on 22 June 2022 from Gulf Properties (Private) Limited), a related party as part of settlement of advance of Rs. 550 million.

20.3.1.1 **Summarised financial information of associate and group share is as follows:**

	Hashoo Group Limited		Hotel One (Pvt) Limited		Jubilee General Insurance		Zaver Petroleum	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees'000)							
Non current assets	15,230,114	11,681,435	239,247	379,901	15,825,841	13,873,854	4,016,141	-
Current assets	211,463	210,300	342,975	426,334	15,361,256	11,725,782	5,969,768	-
Non current liabilities	-	-	54,793	374,197	12,530,663	9,470,531	988,903	-
Current liabilities	510,346	464,487	258,026	215,613	8,862,815	6,645,511	3,117,754	-
Net assets	14,931,231	11,427,248	269,403	216,425	9,793,619	9,483,594	5,879,252	-
Group share in net assets	2,090,372	1,599,815	48,088	38,632	742,846	719,331	662,003	-
Impairment	(2,086,534)	(1,600,193)	(70,615)	(59,965)	(1,191,119)	(1,002,737)	-	-
Other adjustments	(3,838)	379	22,527	21,333	9,826	9,830	-	-
Goodwill	-	-	-	-	709,299	709,299	-	-
Impact of policy alignment	-	-	-	-	193,493	193,493	-	-
Carrying amount of interest	-	-	-	-	3,917	3,917	-	-
in associate	-	-	-	-	468,262	633,133	662,003	-
Revenues	-	-	547,601	365,134	7,075,008	7,607,809	71,503	-
Expenses	34,732	22,176	(487,936)	(365,906)	(5,743,511)	(5,767,875)	27,392	-
Profit / (loss)	34,732	22,176	59,665	(772)	1,331,497	1,839,934	98,895	-
Group share of profit / (loss)	(4,862)	(3,105)	10,650	(138)	100,994	139,559	3,084	-

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The reporting date of M/s Jubilee General Insurance Company Limited is 31 December. For the purpose of applying equity method of accounting, assets, liabilities and statement of profit or loss are based on the financial statements of the year / period ended 30 June 2022.

20.4 Pearl Continental Hotels Limited

"The Parent Company holds 95 (2021: 95) ordinary shares of US $ 50,000 each in Pearl Continental Hotels Limited - UAE (PCHL - UAE) which represents 50% interest in PCHL - UAE, a jointly controlled entity of the Parent Company and Hashwani Hotels Limited, a related party. Due to economic meltdown in year 2007-08, PCHL - UAE incurred losses and consequently the investment was fully impaired, however the Parent Company is putting all its efforts to recover the losses.

This is an equity investment therefore period of investment is not specific, the Parent Company has not received any return from this investment, during the term of investment no default/breach is made.

Beneficial owner of Pearl Continental Hotels Limited are:

Name	Address
Pakistan Services Limited	1st Floor Nespak House Islamabad
Hashwani Hotels Limited	107-A, 1st Floor I.I. Chundrigar Road Karachi

20.4.1 Investment in jointly controlled entity

	2022	2021
	(Rupees'000)	
Cost of investment	284,052	284,052
Post acquisition loss brought forward	30,782	51,956
Share of loss for the year	(2,606)	(2,539)
Share of exchange translation reserve for the year	95,206	(18,636)
	92,600	(21,175)
	123,382	30,782
	407,434	314,834
Impairment losses		
Opening balance	(314,834)	(336,008)
(Loss) / reversal recognised during the year	(92,600)	21,175
	(407,434)	(314,834)
	-	-

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20.4.2 Summarised financial information of jointly controlled entity is as follows:

	2022	2021
	(Rupees'000)	
Non current assets	-	-
Current assets	895,359	688,505
Non current liabilities	-	-
Current liabilities	73,785	52,132
Net assets	821,574	636,373
Group share of net assets	410,787	318,187
Opening balance of Impairment	(314,834)	(336,008)
Impairment loss recognized during the year	(92,600)	21,175
Other adjustments	(3,354)	(3,354)
Carrying amount of interest in jointly controlled entity	-	-
Revenues	-	-
Expenses	(5,211)	(5,077)
Loss	(5,211)	(5,077)
Group share of loss	(2,606)	(2,539)

The reporting date of Pearl Continental Hotels Limited - UAE is 31 December. For the purpose of applying equity method of accounting, assets, liabilities and profit or loss are based on the financial statements of the period ended 30 June 2022.

20.5 All the investments in associated companies have been made in accordance with the provisions of Section 199 of the Companies Act, 2017 and the rules formulated for this purpose.

21 LONG TERM DEPOSITS

	Note	2022	2021
		(Rupees'000)	
Deposits	21.1	52,518	28,181
		52,518	28,181

21.1 The Group has not recognised these deposits at fair value as the impact of discounting is considered immaterial.

21.1.1 This includes amount of Rs. 0.803 million (2021: Rs. 2.82 million) of related parties.

22 ADVANCE AGAINST EQUITY INVESTMENT

		2022	2021
		(Rupees'000)	
Foreepay (Private) Limited	22.1	-	678,530
Xoop Technologies (Private) Limited	22.2	248,278	246,609
Impairment allowance	22.3	(119,233)	-
		129,045	246,609
Home Shopping	22.2	116,124	-
Impairment allowance	22.3	(55,767)	-
		60,357	-
		189,402	925,139

22.1 During the year, the Group has signed a share purchase agreement with Foreepay (Private) Limited for purchase of 99.95% shareholding, the shareholders of the Group approved the transaction and Foreepay (Private) Limited became the subsidiary of the Group on 20 August 2021.

22.2 The Group has signed non-binding term sheet with these investee companies for proposed equity investments.

22.3 During the year the Group provided impairment loss against these investments.

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23 INVENTORIES	Note	2022	2021
		(Rupees'000)	
Stores		195,678	207,392
Spare parts and loose tools		65,438	62,980
Stock in trade - food and beverages		150,527	92,327
		411,643	362,699
Provision for obsolescence	23.1	(3,781)	(3,781)
		407,862	358,918

23.1 This represents expense for the year amounting to Rs. Nil (2021: Rs. 1.725 million) on account of provision for slow moving items.

24 DEVELOPMENT PROPERTIES	Note	2022	2021
		(Rupees'000)	
Land	24.1	1,855,487	3,142,801
Advance for purchase of land		-	550,000
		1,855,487	3,692,801

24.1 Particulars of land included in development properties of the Group are as follows:

Location	Address	Particulars	Landarea (Acres)
Multan	Mouza Kotla Abdul Fateh, Tehsil Multan City	Land	0.87
Islamabad	Plot No 21, Street Apricot, Sector-A, Al Hamra Hills, Country Housing Scheme, Islamabad	Land	2.55
Lahore	Bungalow No S-42-R-15, 15-Race Course, Mouza Mozang, Tehsil Lahore	Land	2.09

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		Note	2022	2021
25	TRADE DEBTS - Unsecured		(Rupees'000)	
	Considered good			
	Due from related parties	25.1	20,789	16,023
	Others		812,390	402,062
			833,179	418,085
	Considered doubtful		493,403	293,303
			1,326,582	711,388
	Provision against doubtful debts at 01 July		(293,304)	(419,189)
	Impact of change in accounting policy (refer note -03)		(20,810)	-
	(Allowance for) / reversal of impairment loss on trade debts		(179,283)	125,885
	Balance at 30 June	25.3	(493,397)	(293,304)
			833,185	418,084

25.1 **Due from related parties**

	Maximum amount outstanding at the end of any month during the year 2022	2021	2022	2021
	(Rupees'000)		(Rupees'000)	
Associated Builders	-	13	-	13
Hashwani Hotels Limited	15,367	7,173	14,651	7,173
Hashoo Foundation	386	322	235	322
Hashoo Hunar Associates	1,011	441	1,011	306
Hotel One (Private) Limited	2,421	4,041	2,609	4,041
Hashoo Holdings (Private) Limited	202	441	202	408
Jubilee General Insurance Company Limited	87	59	45	59
Orient Petroleum Inc.	544	1,423	222	1,423
Pearl Communications (Private) Limited	128	382	-	382
Pearl Real Estate Holdings (Private) Limited	211	265	120	182
Nirvana	-	538	-	538
Tejari Pakistan (Private) Limited	1,645	1,723	1,645	1,059
Zahdan Retail (Private) Limited	65	68	-	65
Zaver Petroleum Corporation Limited	49	-	49	-
Zaver Mining Private Limited	-	50	-	50
Karakorum Security Services (Private) Limited	-	29	-	2
			20,789	16,023

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25.2 Age analysis of due from related parties is as follows:

	2022	2021
	(Rupees'000)	
Past due by 30 days	11,448	1,970
Past due by 31 to 90 days	3,582	3,486
Past due over 91 days	3,058	5,136
Past due over 1 year	2,701	5,431
	20,789	16,023

25.3 This includes provision of Rs. 6,286 million (2021: Rs. 6.31 million) against doubtful debts.

26 ADVANCES, PREPAYMENTS, TRADE DEPOSITS AND OTHER RECEIVABLES

	Note	2022	2021
		(Rupees'000)	
Advance to employees	26.1	18,537	12,983
Advance to suppliers and contractors		79,322	60,545
Advance to related parties	26.2	1,342	10,265
Short term loan		330	-
Trade deposits		16,682	16,282
Prepayments	26.3	39,313	30,035
Refundable sales tax		214,047	140,838
Other receivables	26.4	143,289	66,771
		512,862	337,719

26.1 These advances are given as per Group policy and are un-secured, interest free and are repayable over varying periods.

26.2 Advance to related parties - non-interest bearing

	Note	2022	2021
		(Rupees'000)	
OPI Gas (Private) Limited		472	10,217
Genesis Trading (Private) Limited		-	48
Organic Plus (Private) Limited		870	-
	26.2.1	1,342	10,265

26.2.1 The advances to related parties are of trade nature and extended for provision of goods and services.

26.3 This includes amount of Rs. 7.020 million (2021: Rs. 4.38 million) of related parties.

26.4 This includes amount of Rs. 0.794 million (2021: Nil) of Parent Company's director on account of travelling advance, Rs. 2.681 million (2021: Nil) of related party Hotel One (Private) Limited on account of franchise fee and it is the maximum amount due at the end of any month during the year and Rs. 1.596 million from associated company of group.

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27 SHORT TERM INVESTMENTS	Note	2022	2021
		(Rupees'000)	
Amortized cost			
Certificate of investments		5,300	5,300
Provision for impairment loss		(5,300)	(5,300)
		-	-
Fair value through other comprehensive income			
National Technology Development Corporation Limited		200	200
Indus Valley Solvent Oil Extraction Limited		500	500
Impairment loss		(700)	(700)
		-	-
Amortized cost			
Term Deposit Receipts	27.1	1,193,579	565,523
Term Finance Certificate	27.2	75,000	75,000
Mutual Fund		3,373	3,099
Interest accrued		9,407	7,050
		1,281,359	650,672
Financial assets at fair value through profit or loss			
Investment in shares of listed companies	27.3	6,991	7,781
		1,288,350	658,453

27.1 This represent term deposit receipts having maturity of one months to one year carrying interest rate ranging from 5.5% to 14% (2021: 5.50% to 6.50%) per annum.

27.2 This represents investment in 750 number of TFCs having face value of Rs. 100,000/-each and carrying profit at 3-month KIBOR plus 1.60%. These TFCs are pledged as security against running finance facility of the Group (Refer to note 11).

27.3 Short term investments in shares of listed companies

	2022	2021	2022	2021
	No. of ordinary shares of Rs. 10 each		(Rupees'000)	
Pakistan Telecommunication Company Limited	350,000	350,000	2,436	4,144
Lotte Chemical Pakistan Limited	150,000	150,000	3,543	2,316
Fauji Fertilizer Bin Qasim Limited	50,000	50,000	1,012	1,321
			6,991	7,781

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28 NON CURRENT ASSET HELD FOR SALE	Note	2022	2021
		(Rupees'000)	
Property	28.1	-	2,748,739
Property	28.2	3,114,554	-
Under construction Hotel Pearl Continental Multan	28.3	4,544,545	3,693,459
		7,659,099	6,442,198

28.1 During the year, this property has been reclassified to Property, plant and equipment. Since the disposal could not be concluded, this property has been prospectively reclassified in Property, plant and equipment in accordance with the requirement of IFRS - 5. This reclassification has resulted in increase in depreciation expense for the year by Rs.18.42 million and revaluation surplus on property, plant and equipment by Rs. 1,040 million.

28.2 During the year the Board of Directors of the Parent Company in their meeting held on 24 June 2022 decided to sale the property bearing survey No.32-B, Khyber Road, Peshawar Cantt, an agreement to sale has been executed and an advance amount of Rs. 875 million has been received against the sale of the property and management expects the disposal of this property within the next financial year. This property comprise of following asset categories.

	2022	2021
	(Rupees'000)	
Land	2,570,000	-
Building	284,083	-
Plant and machinery	115,453	-
Furniture, fixtures, fittings, office equipment and others	145,018	-
	3,114,554	-

28.3 As more fully explained in 8.3, in view of the lender's unconditional right to initiate debt property swap in respect of under construction property of Pearl Continental Hotel, Multan and since the outstanding liability as per agreement is expected to be adjusted against this property, the carrying amount of under construction property of Pearl Continental Hotel, Multan is Rs. 4,185 million (2021: Rs. 3,333.46 million) and land of the hotel of Rs. 360 million (2021: Rs. 360 million) has been classified as non-current assets held for sale.

This also includes capitalized borrowing cost amounting to Rs. 984.69 million (2021: Rs. 627.16 million). During the year no borrowing is capitalized. During the year, borrowing cost amounting to Rs. 357.53 million is capitalized at the rate of 10.52%.

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		Note	2022	2021
			(Rupees'000)	
28.4	Movement in non-current assets held for sale during year is as follows:			
	Opening balance		6,442,198	2,908,739
	Transfer from operating fixed assets	28.2	3,114,554	815,113
	Transfer to operating fixed assets	28.1	(2,748,739)	-
	Additions in / transfer from capital work in progress	28.3	851,086	3,258,553
	Transfer from advances for capital expenditure		-	74,906
			1,216,901	4,148,572
	Disposals		-	(615,113)
			7,659,099	6,442,198
29	ADVANCE TAX - Net			
	Balance at 01 July		548,272	532,462
	Income tax paid during the year		241,949	149,624
	Charge for the year	39	(212,586)	(133,814)
	Balance at 30 June		577,635	548,272
30	CASH AND BANK BALANCES			
	Cash in hand		49,590	30,833
	Cash at bank			
	Current accounts - local currency		254,324	110,122
	Current accounts - foreign currency		6,488	-
	Deposit accounts - local currency	30.1	234,506	251,791
	Deposit accounts - foreign currency	30.2	3,417	1,045
			498,735	362,958
	Accrued profit		1,401	323
			549,726	394,114

30.1 Deposit accounts carry interest rate ranging from 5.25% to 13.50% (2021: 5.50% to 6.50%) per annum.

30.2 Deposit accounts carry interest of 0.25% (2021: 0.25%) per annum.

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		2022	2021
31	REVENUE- NET	(Rupees'000)	
	Gross revenue	15,786,157	8,361,532
	Discounts	(317,841)	(183,109)
	Sales tax	(1,983,007)	(1,101,428)
		13,485,309	7,076,995

31.1 Gross revenue

In the following table, revenue from contracts with customers is disaggregated by, major products and service lines, and timing of revenue recognition.

Major products/service lines	Note	2022	2021
		(Rupees'000)	
Rooms		5,311,727	3,125,585
Food and beverages		7,790,408	4,255,325
Other related services	31.2	935,301	598,152
Fee revenue from franchise and management properties		155,081	174,729
Vehicle rental		208,165	65,134
Revenue from real estate segment		1,329,499	98,519
Shop license fees		55,976	44,088
Revenue - gross		15,786,157	8,361,532
Timing of revenue recognition			
Products / services transferred at a point in time		13,035,165	6,743,972
Services transferred over time		450,144	333,023

31.2 This includes revenue from telephone, laundry, discount cards and other ancillary services.

31.3 Revenue amounting to Rs. 319.436 million (2021: Rs. 238.41 million) has been recognized from contract liabilities at the beginning of the period.

31.4 Group's entire revenue is generated within Pakistan.

		Note	2022	2021
32	CONTRACT BALANCES		(Rupees'000)	
	Contract assets	32.1	27,654	22,863
	Contract liabilities	32.2	864,663	512,381

32.1 Contract assets primarily relate to the Group's rights to consideration for goods and services provided to the customers but not billed at the reporting date. Contract assets are transferred to trade debts when invoice is raised. Opening balance of contract assets was fully transferred to trade debts during the year.

32.2 Contract liabilities represent the Group's obligation to transfer goods or services for which the customer has already paid a consideration. These contract liabilities mainly relate to the advances received against banquets functions room sales and membership fee.

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33 COST OF SALES AND SERVICES	Note	2022	2021
		(Rupees'000)	
Food and beverages			
Opening balance		92,327	68,592
Purchases during the year		2,364,532	1,417,101
Closing balance		(150,527)	(92,327)
Consumption during the year		2,306,332	1,393,366
Direct expenses			
Salaries, wages and benefits	33.1	1,688,799	1,075,337
Heat, light and power		1,150,766	689,170
Repair and maintenance		389,374	247,508
Depreciation	16.1.6	805,517	836,113
Amortization		39,502	29,154
Guest supplies		243,291	178,527
Linen, china and glassware		113,441	66,184
Communication and other related services		8,816	6,642
Laundry and dry cleaning		67,845	48,962
Banquet and decoration		76,688	32,597
Transportation		5,596	967
Uniforms		12,176	10,702
Music and entertainment		14,706	10,895
Insurance		2,068	1,922
Vehicle operating expense		52,678	13,854
Vehicle rentals and registration charges		65,223	7,605
Franchise fee		-	13,174
Cost of development properties		1,298,318	-
Others	33.2	161,965	222,677
		8,503,101	4,885,356

33.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 116.71 million (2021: Rs. 90.01 million).

33.2 This also includes an amount of Rs. 133.59 million (2021: Rs. 113.39 million) relating to incremental costs of obtaining customer contracts.

34 OTHER INCOME	2022	2021
	(Rupees'000)	
Concessions and commissions	10,647	1,405
(Loss) / gain on disposal of property, plant and equipment	(2,543)	53,790
Gain on disposal of held for sale asset	-	42,826
Liabilities written back	-	109,504
Increase in fair value of investments property	10,000	5,000
Communication towers and other rental income	66,086	67,581
Insurance claim	16,450	4,687
Others - net	50,550	73,119
	151,190	357,912

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35 ADMINISTRATIVE EXPENSES	Note	2022	2021
		(Rupees'000)	
Salaries, wages and benefits	35.1	1,459,923	909,606
Rent, rates and taxes		153,117	107,686
Security and protective services		309,804	216,007
Advertisement and sales promotion		156,799	98,933
Repair and maintenance		51,977	35,035
Heat, light and power		140,266	79,751
Travelling and conveyance		66,997	52,823
Depreciation	16.1.6	170,858	181,558
Amortization		5,425	3,239
Communications		22,537	16,837
Printing and stationery		38,198	28,383
Legal and professional charges		211,969	104,453
Insurance		96,514	96,540
Entertainment		13,219	8,411
Subscriptions		113,782	105,343
Laundry and dry cleaning		4,415	4,014
Uniforms		2,598	2,710
Auditors' remuneration	35.2	9,731	9,088
Vehicle rentals and registration charges	35.3	11,536	14,249
Miscellaneous		73,224	21,833
		3,112,889	2,096,499

35.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 131.65 million (2021: Rs. 70.08 million)

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		2022	2021
		(Rupees'000)	
35.2	Auditors' remuneration		
	KPMG Taseer Hadi & Co.		
	Audit services		
	Annual audit fee	4,028	4,096
	Audit of consolidated financial statements	868	630
	Special reports and certification	910	950
	Half yearly review	900	805
	Out of pocket expenses	917	1,190
		7,623	7,671
	Non-audit Services		
	Tax advisory	300	305
		7,923	7,976
	BDO Ebrahim & Co.		
	Audit services		
	Annual audit fee	1,538	963
	Special reports and certificates	270	149
		1,808	1,112
		9,731	9,088

35.3 This represents Ijarah payments made during the year (2021: Rs. 14.22 million) under an Ijarah (lease) agreement. As required under IFAS 2 " Ijarah" (notified through SRO 431 (I) / 2007 by Securities & Exchange Commission of Pakistan). Ijarah payments under an Ijarah (lease) agreement are recognised as an expense in the consolidated statement of profit or loss on straight line basis over the term of Ijarah.

	2022	2021
	(Rupees'000)	
The maturity analysis of remaining Ijarah facility is as follows:		
Within one year	6,727	9,581
After one year but not more than five years	932	7,916
	7,659	17,497

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			2022	2021
36	**OTHER EXPENSE**		(Rupees'000)	
	Write down adjustment - capital work in progress		-	94,394
	Impairment loss on advance for purchase of land		-	40,000
	Impairment on associates and jointly controlled entity		777,973	-
	Impairment on advance against equity	22.3	175,000	-
			952,973	134,394
37	**FINANCE INCOME**			
	Interest income on bank deposits / certificate of investments		82,696	53,325
	Reversal on associates and jointly controlled entity		-	54,512
	Dividend income		225	113
			82,921	107,950
38	**FINANCE COST**			
	Interest expense on:			
	Loans and borrowings		455,149	342,878
	Short term borrowings		224,806	194,180
	Sukuk finance		484,484	471,940
	Amortization of transaction cost		9,176	13,406
	Lease facilities		27,537	26,886
	Interest on lease before commencement		3,046	-
	Amortization of deferred payament		82,650	104,641
	Interset on preference shares		41,850	16,855
	Credit cards, bank and other charges		100,462	75,309
	Exchange loss		10,083	677
			1,439,243	1,246,772
39	**INCOME TAX EXPENSE**			
	Current tax expense			
	- Current year		224,993	116,248
	- Change in estimate related to prior year		(12,407)	17,566
			212,586	133,814
	Deferred tax		(174,666)	(237,319)
	Tax expense for the year		37,920	(103,505)
39.1	**Relationship between accounting profit and tax expense is as follows:**			
	Accounting loss for the year		(361,598)	(558,120)
	Tax charge @ 29% (2021: 29%)		(104,863)	(161,855)
	Effect of super tax		40,361	-
	Tax effect of minimum tax		(224,495)	(43,689)
	Deferred tax asset not recognised		339,147	77,934
	Tax effect of income subject to lower taxation		(12,588)	7,393
	Prior year's tax charge		(12,407)	17,566
	Others		12,765	(854)
			37,920	(103,505)

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39.2 Due to uncertainty about timing of taxable profits in the foreseeable future against which the unabsorb depreciation losses can be utilized, the Group has not recognized deferred tax asset amounting to Rs. 403.8 million as at 30 June 2022 (2021: Rs.353 million).

39.3 Tax related contingencies

Income tax

i The income tax assessments of the Parent Company have been finalised and returns have been filed up to and including the tax year 2021. However, for the assessment year 1999-2000, an appeal is pending with the Appellate Tribunal, Inland Revenue. In case of adverse decision of the appeal, the tax liability of Rs. 73.165 million (2021: Rs. 73.165 million) may arise against the Parent Company for which no provision has been recognised by the Parent Company. These comprise of disallowances of certain expenses and arbitrary additions to the income of the Parent Company. Based on appellate history and merits, the Parent Company is confident of a favorable outcome of the appeal. Therefore, the Company considers that provision against this tax liability is not required.

ii In June 2020, the taxation officer amended the assessment for the tax year 2014 by disallowing various expenses and raising tax demand of Rs. 1,400 million. On appeal filed by the Parent Company against the assessment order before the Commissioner Inland Revenue (Appeals-II) Karachi [CIR(A)], the CIR(A) through his order dated 15 October 2020 has remanded the case back to the taxation officer for re-examination and re-consideration of the facts of the case. As of date no action is taken by the taxation officer; however based on the appellate history and merits, the Parent Company is confident of favorable outcome of the case and hence a provision on this matter has not been recognized.

iii The taxation officer passed an order under section 122(5A) of the Income Tax Ordinance, 2001 [ITO] for tax year 2008 to frame impugned tax demand of Rs.30.12 million by disallowing few expenses. On appeal filed by the Parent Company before the CIR(A) against the assessment order of the taxation officer, the CIR(A) remanded the case back to the taxation officer for fresh proceeding. The appellate Order of the CIR(A) was however challenged by the Department before the honorable Appellate Tribunal Inland Revenue [Tribunal]; whereby the Tribunal through its order dated 22 January 2021 has upheld the order of the CIR(A). Based on the appellate history and merits, the Parent Company is confident of favorable outcome of the case and hence a provision on this matter has not been recognized.

iv The Assistant Commissioner Inland Revenue issued an order dated 26 May 2018 whereby a demand was raised of Rs. 30.88 million for the tax year 2016, with reference to order passed under section 161/205/182 of the Income Tax Ordinance, 2001. Against this order, the Group filed an appeal before Commissioner Inland Revenue (Appeals-I), who vide its Order No. 10-2019 dated 10 May 2019 remanded back the case to Deputy Commissioner Inland Revenue. Being aggrieved of the decision of Commissioner Inland Revenue (Appeals-I), the Group filed an appeal to the Appellate Tribunal Inland Revenue on 16 May 2019 whose decision is pending to date. The Group is confident of favorable outcome of the case and hence a provision on this matter has not been recognized.

v Income Tax Appeal has been filed before the Commissioner of Inland Revenue (Appeals-III), Karachi on 21-07-2020 against the order passed by the Assistant/Deputy Commissioner of Inland Revenue, (ACIR) u/s 122(1)/122(5) of the Income Tax Ordinance, 2001 dated 30-06-2020 for the Tax Year 2014, CIR considered the Parent company's detailed arguments remand back the case to DCIR. Group filed appeal to the Applellate Tribunal Inland Revenue on 03.11.2020 which is pending. The Group is confident of favorable outcome of the case and hence a provision on this matter has not been recognized.

vi Income tax appeal has been filed before the Commissioner of Inland Revenue (Appeals-III), Karachi [CIR(A)] on 31 May 2022 against the order dated 13 May 2022 passed by the Deputy Commissioner of Inland Revenue, (DCIR) under section 221(1) of the Income Tax Ordinance, 2001 for the Tax Year 2019, which is pending. The Parent Company expects a favourable outcome in the matter and accordingly no provision has been recognised in the financial statements.

Sales Tax

i. Sales Tax Collectorate, Lahore created the sales tax liability amounting to Rs. 9.571 million· on the basis of audit proceedings for the year 1997-98 that the Parent Company provided out door catering to PIA without payment of sales tax. The Additional Collector disposed off the above referred audit observations. The department filed appeal before the Appellate Tribunal Inland Revenue (ATIR).The ATIR set aside order of Additional Collector through order no. 1394/LB/09 dated 13 May 2011. The Parent Company filed reference application no. 128/2011 before the Honorable Lahore High Court dated 12 September 2011 against the order passed by ATIR and hence a provision on this matter has not been recognized.

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ii. The Additional Collector, Lahore disallowed the input tax relating to purchase of certain items amounting to Rs. 7.22 million during the period of October 2000 and June 2002 on the basis of section 8(1) of the Sales Tax Act, 1990 read with SRO 578(1)/98 dated 12 June 1998. The Parent Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR), while the ATIR upheld the order of Additional Collector, Lahore. The Parent Company filed reference application before the Lahore High Court on 24 September 2011 against the order passed by ATIR and hence a provision on this matter has not been recognized.

iii. The Deputy Commissioner Inland Revenue, Zone IV, Large Taxpayer Unit, Karachi based upon the sales tax audit for the year 2008-09, passed Order in Original 52/2013 dated 28 June 2013 against which the Parent Company filed appeal before the Commissioner Appeals, Karachi. The Commissioner Appeals remanded back the case to department against which department is in appeal before the Appellate Tribunal Inland Revenue (ATIR), the assessing officer, during remand back proceedings, decided the case against the Company by raising total demand along with default surcharge and penalty aggregating to Rs. 49,393,192. The Parent Company has filed appeal against said order before Commissioner Inland revenue (CIR), during the period, the CIR remanded the case back for de-novo consideration and hence a provision on this matter has not been recognized.

iv. The Deputy Commissioner, Punjab Revenue Authority, Lahore [PRA] issued notices having references No.PRA/PC/Hotel/14/32972 on 05 November 2014 and No.PRA/PC/Hotel/14/32985 on 12 November 2014 for the tax period August 2014 and tax periods from July 2012 to September 2014 respectively. Through notice dated 05 November 2014 it has been alleged that the Parent Company claimed inadmissible input tax adjustment on construction material amounting to Rs 21.15 million. Through notice dated 12 November 2014, the Deputy Commissioner, Punjab Revenue Authority, Lahore initiated the inquiry/investigation against the Parent Company for the period from July 2012 to September 2014. The Company filed Writ Petition 30844/2014 before Lahore High Court which is pending adjudication and hence a provision on this matter has not been recognized.

v. The EO PRA passed an order dated 30 April 2021 alleging that the Parent Company claimed inadmissible input tax of Rs. 2,079,081/- during the tax periods October 2013 to June 2015 and raised a demand of Rs. 2,079,081/- along with penalty of Rs. 103,954/-. The Parent Company aggrieved by the order filed an appeal before the Commissioner Appeals, PRA which is pending disposal till date.

vi. The Assistant Commissioner Sindh Revenue Board [AC-SRB], passed an order on 15 March 2022 alleging that the Parent Company claimed inadmissible input tax of Rs. 112,789,782 during the tax periods July 2013 to June 2020 and raised a demand of Rs. 112,789,782 along with penalty of Rs. 5,639,489/-. The Parent Company aggrieved by the order filed an appeal before the Commissioner Appeals, SRB which is pending disposal till date.

vii. The AC-SRB issued a recovery notice on 7 June 2022 in pursuance to the Order in Original No. 15 of 2021 dated 15 January 2021 passed by the AC-SRB . The Parent Company deposited the principal amount raised through the impugned order and preferred an appeal before the Commissioner Appeals against the default surcharge .The appeal is pending disposal till date

viii. The Commissioner Inland Revenue based on scrutiny of sales tax returns for the period October 2015 to March 2019 issued a show cause notice number CIR/Zone-IV/CRTOKHI/2019/1950 dated 26 April 2019 for suspension of sales tax registration. The said notice was issued on grounds that Company claimed and adjusted input tax of Rs. 9.14 million against the output tax of services whereas no such adjustments are allowed under the ICT Tax on Services Ordinance, 2001. The Commissioner Inland Revenue vide order no. CIR/Zone IV/CRTO/2019/2078 dated 14 May 2019 issued an order for temporary restoration of sales tax registration and the referred matter to the Federal Board of Revenue (FBR) for clarification. The Group expects a favourable outcome in the matter and accordingly no provision has been recognised in the financial statements.

vix. Sale tax audit under section 72B of the Sales Tax Act, 1990 for the Tax Year 2016 is under process. The Company has responded to the notices issued by the tax authoirty in this regard and expects a favourable outcome.

x The Deputy Commissioner Inland Revenue (DCIR), Karachi issued a notice under section 11(2) issued on 30 May 2022 relating to non-charging of sales tax on disposal of fixed assets during the Tax Year 2017 and raised a demand of Rs. 41,922 alongwith applicable penalty and default surcharge under the Sales Tax Act, 1990 vide order dated 15 August 2022. The Parent Company has filed appeal before the Commissioner Inland Revenue (Appeals) in September 2022 againts this order. The Group expects a favourable outcome in the matter and accordingly no provision has been recognised in the financial statements.

xi. The Deputy Commissioner Inland Revenue (DCIR), Karachi issued a show-cause notice under section 11(1) issued on 25 April 2022 for late filing of sales tax returns and late payment of sales tax and subsequently raised a demand of Rs. 129,600 vide order dated 15 August 2022 The Parent Company has filed appeal before the Commissioner Inland Revenue (Appeals) in September 2022 againts this order. The Group expects a favourable outcome in the matter and accordingly no provision has been recognised in the financial statements.

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40	CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	Note	2022	2021
			(Rupees'000)	
	Loss before tax		(361,598)	(558,120)
	Adjustments for:			
	Depreciation	16.1.6	976,375	1,017,671
	Amortization		44,927	32,393
	Loss / (gain) on disposal of property, plant and equipment	34	2,543	(53,790)
	Gain on disposal of held for sale assets	34	-	(42,826)
	Provision for staff retirement benefit - gratuity	10.1.3	150,866	87,131
	Provision for compensated leave absences	10.2.3	43,917	26,418
	Impairment loss / (reversal) on trade debts		179,283	(125,885)
	Return on bank deposits / certificate of investment	37	(82,696)	(53,325)
	Share of gain on equity accounted investments		(107,260)	(133,778)
	Finance cost	38	1,439,243	1,246,772
	Dividend income	37	(225)	(113)
	Reversal / (impairment) on associates and jointly controlled entity	36	952,973	(54,512)
	Unrealized gain /(loss) on remeasurement of investment to fair value		789	(2,381)
	Unrealised gain on remeasurement of investments property	34	(10,000)	(5,000)
	Impairment loss		-	134,394
	Gain on lease modification		-	(435)
	Provision on stores, spare parts and loose tools	23.1	-	1,725
			3,229,138	1,516,339
41	CASH AND CASH EQUIVALENTS			
	Cash and bank balances	30	549,726	394,114
	Short term borrowings	12	(2,241,140)	(2,612,631)
	Accrued profit on bank deposits		(1,401)	(323)
	Accrued markup on short term borrowings		64,895	34,631
			(1,627,920)	(2,184,209

41.1 **Reconciliation of movements of liabilities to cash flows arising from financing activities:**

	Loans and borrowings	Lease Liabilities	Increase in non-controlling interest	Unclaimed dividend	Unpaid dividend	Total
	Rupees '000					
Balance at 01 July 2021	15,422,312	239,657	21,000	9,242	1,528	15,693,739
Changes from financing activities						
Proceeds from loans	279,809	-	-	-	-	279,809
Repayment of loan	(596,301)	-	-	-	-	(596,301)
Lease liabilities	-	(135,184)	-	-	-	(135,184)
Advance against issuance of shares	-	-	40,686	-	-	40,686
Increase in non-controlling interest	-	-	-	-	-	-
Issuance of preference share	-	-	-	-	-	-
Transaction cost paid	(8,200)	-	-	-	-	(8,200)
	(324,692)	(135,184)	40,686	-	-	(419,190)
Other changes						
Amortization of transaction cost	9,176	-	-	-	-	9,176
Lease liabilities	-	332,844	-	-	-	332,844
Mark-up accrued	(416,764)	-	-	-	-	(416,764)
	(407,588)	332,844	-	-	-	(74,744)
Balance at 30 June 2022	14,690,032	437,317	61,686	9,242	1,528	15,199,805

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41.1.1 Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Loans and borrowings	Lease Liabilities	Increase in non-controlling interest	Unclaimed dividend	Unpaid dividend	Total
	Rupees '000					
Balance at 01 July 2020	14,413,756	359,084	-	9,242	1,528	14,783,610
Changes from financing activities						
Proceeds from loans	330,201	-	-	-	-	330,201
Repayment of loan	(545,037)	-	-	-	-	(545,037)
Lease liabilities	-	(121,566)	-	-	-	(121,566)
Advance against issuance of shares	28,503	-	-	-	-	28,503
Increase in non-controlling interest		-	21,000	-	-	21,000
Issuance of preference share	279,000	-	-	-	-	279,000
Transaction cost paid	(8,200)	-	-	-	-	(8,200)
	84,467	(121,566)	21,000	-	-	(16,099)
Other changes						
Amortization of transaction cost	13,406	-	-	-	-	13,406
Lease liabilities	-	2,139	-	-	-	2,139
Mark-up accrued	910,683	-	-	-	-	910,683
	924,089	2,139	-	-	-	926,228
Balance at 30 June 2021	15,422,312	239,657	21,000	9,242	1,528	15,693,739

42 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2022			2021		
	Chief Executive Officer	Directors	Executives	Chief Executives Officer	Directors	Executives
	Rupees '000					
Managerial remuneration	**108,000**	**140,609**	**382,274**	64,596	58,113	250,787
Provident fund contribution	**5,997**	**1,199**	**10,242**	3,999	847	7,460
Provision for gratuity	**45,370**	**12,591**	**16,547**	3,945	3,632	4,399
Provision for compensated leave absences	**-**	**4,352**	**18,746**	-	-	9,066
Provision for bonus	**24,000**	**-**	**447**	-	-	-
Provision for leave fare assistance	**4,521**	**-**	**-**	1,995	-	176
Meeting fee	**200**	***1,475**	**400**	30	390	-
	188,088	**160,226**	**428,656**	74,565	62,982	271,888
Number of persons	**1**	**2**	**93**	1	2	74

* This represents meeting fee of Rs. 1,045 million (2021: Rs. 0.285 million) of certain non executive directors of the Parent Company.

42.1 In addition to the above, Chief Executive Officer, non-executive director, and certain executive directors and executives are provided with the Group maintained vehicles having carrying value of Rs. 31.29 million (2021: Rs. 83.14 million). Accommodation maintenance is also provided to Chief Executive Officer. Certain directors and executives are also provided with medical expenses and company maintained accommodation, as per the Parent Company's policy.

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43 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise associated companies, directors as well as their close family members, companies with common directorship, executives, key management personnel, major shareholders and provident fund. Detail of related parties (with whom the Group has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

Basis of Relationship	Name of Related Party	Percentage of Share holding
Common directorship	Hashwani Hotels Limited	-
	Hotel One (Private) Limited	17.85%
	Hashoo Holdings (Private Limited)	-
	Jubilee General Insurance Company Limited	7.6%
	Orient Petroleum Inc.	-
	OPI Gas (Private) Limited	-
	Pearl Real Estate Holdings (Private) Limited	-
	Shine Plus (Pvt) Ltd.	-
	Hashoo (Private) Limited	-
	Tejari Pakistan (Private) Limited	-
	Organiks Plus (Private) Limited	-
	Net -21 (Private) Limited	-
	Gulf Properties (Private) Limited	-
	Zaver Petroleum Corporation (Private) Limited	11.26%
	Hashoo Hunar Associates	-
Directors	Mr. Sadruddin Hashwani	-
	Mr. Murtaza Hashwani	-
	Mr. M.A. Bawany	-
	Mr. Shakir Abu Bakar	-
	Syed Haseeb Amjad Gardezi	-
	Mr. M. Ahmed Ghazali Marghoob	-
	Ms. Ayesha Khan	-
	Mr. Rohail Ajmal	-
	Mr. Shahid Hussain	
Key Management Performance	Chief Financial Officer	
	Company Secretary	
Directors as Board of trustees	Hashoo Foundation	-
	Hashoo Hunar	
Significant influence	Genesis Trading (Private) Limited	-
	Karakoram Security Services (Private) Limited	-
Significant influence of relative of Director	Nirvana, a partnership firm	-
Close family member of Directors	Ms. Sarah Hashwani	
	Nadia Lakhani	
Staff retirement fund	PSL Employees Provident Fund Trust	-

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	Note	2022	2021
		(Rupees'000)	
Transactions with associated undertakings			
Sales		450	162
Services provided		46,489	20,271
Services availed		418,502	285,423
Purchases		82,016	88,598
Franchise fee - income		5,291	3,247
Franchise and management fee - expense		-	4,805
Dividend income		60,227	52,698
Purchase of property, plant and equipment		-	29,401
Sale of asset		2,104	-
Loan received		-	217,028
Advance against issuance of shares		-	28,503
Loan repaid		-	700
Acqusition of shares		550,000	-
Transactions and balances with other related parties			
Sales		1,852	596
Services provided		144	15
Services availed		10,012	14,292
Purchases		-	5,738
Contribution to defined contribution plan - provident fund		53,587	43,239
Transactions with key management personnel			
Remuneration and allowances including staff retirement benefits	43.1	450,485	234,612
Loan from key management personnel		306,000	172,800
Refund of loan to key management personnel		31,312	211,000

43.1 Compensation to key management personnel

	2022	2021
Salaries and other benefits	331,044	201,515
Contribution to provident fund	8,361	7,952
Gratuity	74,508	21,711
Bonus	24,000	-
Meeting fee	1,675	420
Others	10,897	3,014
	450,485	234,612
Number of persons	7	7

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44 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

44.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount				Fair value			
		Amount in Rs'000							
		Financial assets		Financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2022		Fair value through profit or loss	Amortized cost	Amortized cost					
Financial assets measured at fair value									
Short term investment	27	6,991	-		6,991	6,991	-	-	6,991
Long term deposits	21	52,518	-	-	52,518	-	-	-	-
Short term deposits	26	16,682	-	-	16,682	-	-	-	-
		76,191	-	-	76,191	6,991	-	-	6,991
Financial assets not measured at fair value	44.2								
Trade debts	25	-	833,185	-	833,185	-	-	-	-
Contract assets	32	-	27,654	-	27,654	-	-	-	-
Advance to employees	26	-	18,537	-	18,537	-	-	-	-
Other receivables	26	-	143,289	-	143,289	-	-	-	-
Short term investment	27	-	1,271,952	-	1,271,952	-	-	-	-
Cash and bank balances	30	-	549,726	-	549,726	-	-	-	-
		-	2,844,343	-	2,844,343	-	-	-	-
Financial liabilities not measured at fair value	44.2								
Loans and borrowings	8	-	-	13,698,446	13,698,446	-	-	-	-
Other non-current liabilities		-	-	12,934	12,934	-	-	-	-
Short term borrowings	12	-	-	3,047,607	3,047,607	-	-	-	-
Lease liabilities	9	-	-	366,244	366,244	-	-	-	-
Trade and other payables	13	-	-	2,520,574	2,520,574	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	19,656,575	19,656,575	-	-	-	-

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	Note	Carrying amount				Fair value			
		Amount in Rs'000							
		Financial assets		Financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2021		Fair value through profit or loss	Amortized cost	Amortized cost					
Financial assets measured at fair value									
Short term investment	27	7,781	-	-	7,781	7,781	-	-	7,781
Long term deposits	21	28,181	-	-	28,181	-	-	-	-
Short term deposits	26	16,282	-	-	16,282	-	-	-	-
		52,244	-	-	52,244	7,781	-	-	7,781
Financial assets not measured at fair value									
Trade debts	25	-	418,084	-	418,084	-	-	-	-
Contract assets	32	-	22,863	-	22,863	-	-	-	-
Advance to employees	26	-	12,983	-	12,983	-	-	-	-
Other receivables	26	-	66,771	-	66,771	-	-	-	-
Short term investment	27	-	643,622	-	643,622	-	-	-	-
Cash and bank balances	30	-	394,114	-	394,114	-	-	-	-
		-	1,558,437	-	1,558,437	-	-	-	-
Financial liabilities not measured at fair value	44.2								
Loans and borrowings	8	-	-	14,725,080	14,725,080	-	-	-	-
Other non-current liabilities		-	-	18,801	18,801	-	-	-	-
Short term borrowings	12	-	-	3,139,289	3,139,289	-	-	-	-
Lease liabilities	9	-	-	239,657	239,657	-	-	-	-
Trade and other payables	13	-	-	1,958,979	1,958,979	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	20,092,576	20,092,576	-	-	-	-

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44.2 The Group has not disclosed the fair values for these financial assets and financial liabilities, because their carrying amounts are reasonable approximation of fair value.

44.3 It excludes advances from customers, federal excise duty, bed tax and sales tax payable, banquet / beverage tax, unearned income and income tax deducted at source.

Financial risk management
The Group has exposure to the following risks arising for financial instruments:
- Credit risk (note 44.4)
- Liquidity risk (note 44.5)
- Market risk (note 44.6)

Risk management framework
The Parent Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

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

44.4 Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade debts from customers.

The carrying amount of financial assets and contract assets represent the maximum credit exposure.

Expected credit losses on financial assets and contract assets recognised in consolidated statement of profit or loss were as follows.

	2022	2021
	(Rupees'000)	
Allowance / (reversal) of expected credit losses on trade debts and contract assets arising from contract with customers	179,283	(125,885)

i

Trade debts and contract assets

The Group's exposure to credit risk is influenced mainly by the individual's characteristics of each customer. However, management also considers the factors that may influence the credit risk of customer base, including the default risk associated with the industry and the region in which the customers operate. Detail of concentration of revenue are included in note 29.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Credit limits are established for each customer and are reviewed regularly. Any sales exceeding those limits require approval from appropriate management level.

The Group limits its exposure to credit risk from trade debts by establishing a maximum payment period for each corporate customer based on the management assessment of risk.

Maximum of the Group's customers have been transacting with the Group for many years and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, their geographical location, industry, trading history with the Group and existence of previous financial difficulties.

At reporting date, the exposure to credit risk for trade debts and contract assets by geographical regions was as follows.

	2022		2021	
	Trade debts	Contract assets	Trade debts	Contract assets
	(Rupees '000)		(Rupees '000)	
Pearl Continental Hotel				
- Karachi	**300,064**	**9,142**	221,574	5,239
- Lahore	**509,881**	**8,502**	277,547	6,126
- Rawalpindi	**137,756**	**3,082**	50,529	1,381
- Peshawar	**185,052**	**2,780**	72,508	4,130
- Bhurban	**122,099**	**3,587**	44,408	4,129
- Muzaffarabad	**24,676**	**561**	14,549	1,858
- Islamabad	**47,054**	**-**	30,272	-
	1,326,582	**27,654**	711,389	22,863

At reporting date, the exposure to credit risk for trade debts and contracts assets by type of counterparty was as follows;

	Note	2022	2021
		(Rupees'000)	
From related parties		**20,789**	16,023
From government institutions		**44,265**	36,462
Others		**1,289,182**	681,766
	25 & 32	**1,354,236**	734,251

A summary of the Group's exposure to credit risk for trade debts is as follows.

	2022	2021
	(Rupees'000)	
Customers with external credit rating of A1+ to A3	**139,230**	37,835
Customers without external credit rating	**1,187,352**	673,553
Total gross carrying amount	**1,326,582**	711,388
Allowance for expected credit losses	**(493,397)**	(293,304)
	833,185	418,084

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Expected credit loss assessment for corporate customers

The Group allocates each exposure to a credit risk based on data that is determined to be predictive of the loss (including but not limited to external ratings, audited financial statements, management accounts, cash flow projection and available press information about customers) and applying experienced credit judgment. Credit risk are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definition from agencies (Rating agencies Pakistan Credit Rating Agency (PACRA) and JCR - VIS.

Exposure within each credit risk are segmented by geographical region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect the difference between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the trade debts.

Scalar factors are based on unemployment rate, consumer price index and exchange rate which are as follows:

Years	Unemployment rate	Consumer price index	Exchange rate
2022	7.00	11.2	205.50
2021	7.40	8.9	157.40
2020	7.60	10.7	161.80
2019	6.90	6.7	150.00

The Group uses an allowance matrix to measure the ECLs of trade debts from corporate customers, which comprises a very large number of small balances.

Loss rates are calculated using "roll rate" method based on the probability of a trade debt progressive through successive stages of delinquency to calculate the weighted average loss rate. Roll rates are calculated separately for exposure in different segments based on following common characteristics - geographic region and age of customer relationship.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

The following table provides information about the exposure to credit risk and ECL for trade debts and contract assets for corporate customers as at 30 June 2022.

	Weighted average loss rate	Gross carrying amount	Loss allowance
30-Jun-22	%	(Rupees' 000)	
Current	5.4%	385,973	20,670
0-30 days past due	6.2%	235,654	14,683
30-60 days past due	13.0%	145,652	18,921
60-90 days past due	24.9%	97,785	24,392
91-150 days past due	34.9%	64,635	22,539
151 days and above	92.5%	423,988	392,192
		1,353,687	493,397
30-Jun-21			
Current	1.3%	227,198	2,932
0-30 days past due	2.9%	63,731	1,823
30-60 days past due	6.0%	37,652	2,271
60-90 days past due	15.0%	40,095	6,008
91-150 days past due	17.1%	41,981	7,183
151 days and above	84.4%	323,594	273,026
		734,251	293,242

Movement in the allowance for expected credit losses in respect of trade debts and contract assets

The movement in the allowance for expected credit losses in respect of trade debts and contract assets during the year was as follows.

	2022	2021
	(Rupees '000)	
Balance at 01 July	**293,304**	419,189
Impact of change in accounting policy (refer note -03)	**20,810**	-
Allowance / reversal of expected credit loss	**179,283**	(125,885)
Balance as at 30 June	**493,397**	293,304

ii **Long term deposits**

The Group held long term deposits of Rs. 52.518 million as at 30 June 2022 (2021: Rs. 28.18 million). These long term deposits are held with the Government agencies and financial institutions.

Impairment on long term deposits has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Group considers that its long term deposits have low credit risk based on the amount recoverable from Government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

iii **Short term advances**

The Group held short term advances of Rs. 95.26 million as at 30 June 2022 (2021: Rs. 83.79 million). These short term advances are recoverable from the , employees, related parties and suppliers of goods and services.

Impairment on short term advances have been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Group considers that its short term advances have low credit risk based on recovery of these advances from related parties, contractors and from the final settlement of employees in case of default .

iv **Trade deposit and other receivables**

The Group held trade deposit and other receivables of Rs. 162.44 million as at 30 June 2022 (2021: Rs. 83.05 million).

Impairment on trade deposits and other receivables have been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Group considers that its trade deposits and other receivables have low credit risk based on previous experience.

v **Short term investments**

The Group held short term investments of Rs. 1,272.28 million as at 30 June 2022 (2021: Rs. 643.62 million). These short term investments are held with the banks which are rated A1+ to A2 based on PACRA and JCR - VIS ratings.

Impairment on short term investments has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Group considers that its short term investments have low credit risk based on external credit rating of the counterparties.

vi **Cash at bank**

The Group held cash at bank of Rs. 498.735 million as at 30 June 2022 (2021: Rs. 362.96 million). These balances are held with the banks which are rated A+1 to A-2 based on PACRA and JCR - VIS ratings.

Impairment on cash at bank has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Group considers that its cash at bank have low credit risk based on external credit rating of the counterparties.

44.5 **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, prudent fund management practices and the ability to close out market positions due to dynamic nature of the business. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

The maturity profile of the Group's financial liabilities based on the contractual amounts is as follows:

	Note	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year and up to five years
		(Rupees' 000)			
2022					
Loans and borrowings	8	**13,698,446**	**15,491,946**	**5,571,839**	**9,920,107**
Other non current liabilities		**12,934**	**12,934**	**-**	**-**
Lease liabilities	9	**366,244**	**892,342**	**179,569**	**712,773**
Trade and other payables	13	**2,520,574**	**2,520,574**	**2,520,574**	**-**
Short term borrowings	12	**3,047,607**	**3,047,607**	**3,047,607**	**-**
Unclaimed dividend		**9,242**	**9,242**	**9,242**	**-**
Unpaid dividend		**1,528**	**1,528**	**1,528**	**-**
		19,656,575	**21,976,173**	**11,330,359**	**10,632,880**
2021					
Loans and borrowings	8	14,725,080	16,123,380	2,354,071	13,769,309
Other non current liabilities		18,801	27,320	13,660	13,660
Lease liabilities	9	239,657	648,057	118,433	529,624
Trade and other payables	13	1,958,979	1,958,979	1,958,979	-
Short term borrowings	12	3,139,289	3,139,289	3,139,289	-
Unclaimed dividend		9,242	9,242	9,242	-
Unpaid dividend		1,528	1,528	1,528	-
		20,092,576	21,907,795	7,595,202	14,312,593

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

The contractual cash flows relating to long and short term borrowings have been determined on the basis of expected mark up rates. The mark up rates have been disclosed in notes 8 and 12 to these consolidated financial statements.

44.6 **Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group is exposed to currency risk and interest rates only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Foreign Currency risk

The PKR is the functional currency of the Group and, as a result, currency exposures arise from transactions and balances in currencies other than PKR. The Group's potential foreign currency exposure comprise:

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Group are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Group in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Group. These currency risks are managed as part of overall risk management strategy. The Group does not enter into forward exchange contracts.

Exposure to forex risk on year end monetary balances:

	2022		2021	
	(Rupees'000)	USD' 000	(Rupees' 000)	USD' 000
Bank balance	3,417	16.63	1,045	6.64
Trade and other payable	4,880	24	58,828	374

The following significant exchange rate applied during the year:

	Average rates		Balance sheet date rate	
	2022	2021	2022	2021
PKR/ US Dollars	179.64	159.77	205.50	157.40

Foreign Currency Sensitivity Analysis

Following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of USD applied to assets at reporting date represented in foreign currency, with all other variables held constant, of the Group's profit before tax.

	2022	2021
	(Rupees'000)	
Increase in 5% USD rate	(171)	(2,889)
Decrease in 5% USD rate	171	2,889

Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Group has long term and short term Pakistan Rupees based loans and borrowing arrangements at variable rates. The local currency loans and borrowings have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Exposure to interest rate risk:

	2022	2021	2022	2021
	Effective interest rates %		(Rupees' 000)	
Variable rate instruments				
Financial assets	**0.25 to 13.50**	0.25 to 6.50	**237,923**	252,836
Variable rate instruments				
Financial liabilities	**KIBOR + 0.6 to 1.5**	KIBOR + 0.6 to 1.5	**(17,112,297)**	(18,104,026)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not effect consolidated statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity / profit and loss by Rs. 168.705 million (2021: Rs. 178.52 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

Other market price risk

The primary goal of the Group's investment strategy is to maximize investment returns on surplus funds. The Group adopts a policy of ensuring to minimize its price risk by investing in securities having sound market performance. Certain investments are designated as held for trading because their performance is actively monitored and these are managed on a fair value basis. Equity price risk arises from investments at fair value through profit or loss.

Sensitivity analysis – equity price risk

For quoted investments classified as held for trading, a 100 basis point increase in market price at reporting date would have increased profit or loss by Rs. 0.069 million (2021: Rs. 0.08 million); an equal change in the opposite direction would have decreased profit or loss by the same amount. The analysis is performed on the same basis for 2021 and assumes that all other variables remain the same.

Assets carried at fair value	Level 1	Level 2 (Rupees '000)	Level 3
2022			
Financial assets at fair value through profit or loss - held for trading	**6,991**	**-**	**-**
2021			
Financial assets at fair value through profit or loss - held for trading	7,781	-	-

The carrying value of financial assets and liabilities reflected in consolidated financial statements approximate their respective fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

45 APPLICATION OF IFRIC INTERPRETATION 12 - SERVICE CONCESSION ARRANGEMENTS

Securities and Exchange Commission of Pakistan through its S.R.O. NO 24 (I)/2012, dated 16 January 2012 has exempted the application of IFRIC 12 - "Service Concession Arrangements", for Companies in Pakistan. Consequently, the Parent Company is not required to account for its arrangement under Build, Operate and Transfer agreement with City District Government Karachi for developing and operating an underground parking facility in Karachi under IFRIC 12. If the Parent Company were to follow IFRIC 12, the effect on the consolidated financial statements would have been as follows:

	2022	2021
	(Rupees'000)	
Increase in profit after tax for the year	118	1,487
Derecognition of property, plant and equipment	(145,825)	(162,616)
Recognition of intangible asset	323,222	340,233
Recognition of financial liability	(27,497)	(27,884)
Increase in taxation obligations	48	607
Increase in unappropriated profits	104,406	104,336

46 CAPACITY

	Note	No. of rooms 2022	No. of rooms 2021	Average occupancy 2022	Average occupancy 2021
Pearl Continental Hotels				%	%
- Karachi		288	288	69	51
- Lahore		607	607	54	39
- Rawalpindi		200	200	74	48
- Peshawar	46.1	148	148	68	54
- Bhurban		197	197	70	61
- Muzaffarabad		102	102	48	38

46.1 During the year the Group has contracted for the sale of the property and accordingly this has been classified as non-current asset held for sale. (refer to note 28.2)

47 OPERATING SEGMENTS

The type of services and product offered by the hotel properties are similar in nature, and with respect to subsidiaries companies quantitative threshold is not meet hence segment reporting is not considered.

48 NUMBER OF EMPLOYEES

	2022	2021
Number of employees at the year end	1,882	1,608
Average number of employees during the year	1,745	1,688

49 EMPLOYEES' PROVIDENT FUND

All the investments out of provident fund trust have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

50 ACQUISITION OF SUBSIDIARY

On 22 August 2021, the Group assumed management control of Foreepay (Private) Limited ("the subsidiary company"), pursuant to acquisition of shares in Foreepay (Private) Limited.

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

	(Rupees '000)
Cash	100

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition;

	(Rupees '000)
Property and equipment	10,750
Intangible assets	289,975
Advance against investment	113,124
Deposits	18,145
Advances, prepayments and other receivables	5,043
Sales tax receivables	5,701
Advance tax	886
Cash and bank balances	1,456
Advance against issue of shares	(678,530)
Deferred liabilities	(24,602)
Trade and other payables	(101,915)
Short term borrowings	(4,089)
Total identifiable net assets acquired	(364,056)

Goodwill

Goodwill arising from the acquisition has been recognised as follows;

	2022
	(Rupees '000)
Consideration transferred	100
Fair value of identifiable net assets	(364,056)
	(364,156)

51 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Parent Company in its meeting held on 26 September 2022.

Murtaza Hashwani	M.A. Bawany	Tahir Mahmood
Chief Executive Officer	Director	Chief Financial Officer

PAKISTAN SERVICES LTD.

Dear Shareholder,

ELECTRONIC PAYMENT OF CASH DIVIDENDS

Pursuant to Section-242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulations, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP), it is mandatory for a listed company to pay cash dividends to its shareholders only through electronic mode directly in the bank accounts of the shareholders.

In this connection, it is necessary to provide complete bank mandate detail including IBAN number to credit the proceeds of the future dividends into your bank account. You are therefore required to provide complete bank mandate details with IBAN otherwise future dividend may be withheld.

The Shareholders, who are holding physical shares are requested to submit e-dividend mandate form by filling the attached format and send it to Company's Share Registrar at the following address:

M/s. THK Associates (Pvt) Limited,
Plot No. 32-C, Jami Commercial Street 2, DHA Phase VII, Karachi
Phone: 021-111-000-322 E-mail: sfc@thk.com.pk

The CDC shareholders must submit their e-dividend mandate form details to Investor Account Services or to their brokers where shares are placed electronically.

Electronic Dividend Mandate Form is attached with Printed Annual Report and also placed on Company's website www.psl.com.pk.

For any query/ problem/information, the investors may contact the company's Share Registrar at the above phone Numbers, email address.

Yours faithfully,

for Pakistan Services Limited

____

Muhammad Amir

Company Secretary

PAKISTAN SERVICES LIMITED
FORM OF PROXY

I / We ____

____________________________of____________________ being a member of Pakistan Services Limited hereby

appoint Mr./Ms./M/s.____ of ________________

____________________________________failing whom Mr./Ms./M/s.____

of___________________ as my proxy to attend and act for me, and on my behalf, at the Annual General Meeting of the Company to be held on Thursday, October 27, 2022 at 11:00 a.m. at Islamabad Marriott Hotel, and any adjournment thereof.

Dated this _________ day of ________ 2022.

____
Specimen Signature of Proxy

Folio No. ______________________
Participant I.D. No.______________
Sub Account No.________________

Revenue
Stamp
Rs. 50/=

____
Signature of Shareholder

Folio No.________________________
Participant I.D. No.______________
Sub Account No.________________

____
Specimen Signature of Alternate Proxy

Folio No.________________________
Participant I.D. No.________________
Sub Account No.___________________

Note:

i) If a member is unable to attend the Meeting, he / she may appoint another member as his / her proxy and send this form to Pakistan Services Limited, 1st Floor, NESPAK House, Sector G-5/2, Islamabad to reach not less than 48 hours before the time appointed for holding the meeting.
ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
iv) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پاکستان سروسز لمیٹڈ
پراکسی فارم

میں/ہم .... سکنہ ....
بحیثیت ممبر (رکن) پاکستان سروسز لمیٹڈ بذریعہ ہذا مسمی/مسماۃ ....
.... سکنہ: ....
یا ان کی غیر حاضری کی صورت میں متبادل مسمی / مسماۃ .... سکنہ ....
.... کو اپنا پراکسی مقرر کرتا/کرتی ہوں جو کہ میری/ہماری عدم موجودگی کی صورت میں کمپنی کے سالانہ اجلاس عام جو کہ بروز جمعرات مورخہ 27 اکتوبر 2022 کو اسلام آباد میرٹ ہوٹل میں منعقد ہوگا یا التواء کی صورت میں حاضر ہو کر میری/ہماری نمائندگی کرے۔

مورخہ .... بروز 2022

....
پراکسی کے دستخط کا نمونہ

پچاس روپے مالیت کی ریونیو ٹکٹ

فولیو نمبر ....
سی ڈی سی پارٹسیپنٹ آئی ڈی نمبر ....
ذیلی اکاؤنٹ نمبر ....

ممبر (رکن) کا دستخط ....
متبادل پراکسی کے دستخط کا نمونہ ....

فولیو نمبر ....
فولیو نمبر ....

سی ڈی سی پارٹسیپنٹ آئی ڈی نمبر ....
سی ڈی سی پارٹسیپنٹ آئی ڈی نمبر ....

ذیلی اکاؤنٹ نمبر ....
ذیلی اکاؤنٹ نمبر ....

نوٹ:

(i) اگر کوئی ممبر اجلاس میں حاضر ہونے سے قاصر ہے تو وہ اپنا پراکسی تعینات کرنے کا مجاز ہے اور فارم ہذا کو اجلاس کے انعقاد کے لئے مقررہ وقت سے کم از کم 84 گھنٹے پہلے تک پاکستان سروسز لمیٹڈ واقع پہلی منزل، نیسپاک ہاؤس، سیکٹر G-5/2 اسلام آباد میں جمع کرادے
(ii) پراکسی فارم کے ہمراہ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنا ہوں گی۔
(iii) اجلاس کے وقت پراکسی کو اپنا اصلی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔
(iv) کمپنی ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ بشمول نمونہ دستخط (بشرطیکہ پہلے سے کمپنی کو فراہم نہ کیا گیا ہو) پراکسی فارم کے ساتھ جمع کرنا ہوگا۔

E-DIVIDEND MANDATE FORM

To,

Investor Account Services - Central Depository Company of Pakistan Limited or in case of a sub account with any of the broker participant, kindly convey information to your broker participant.

OR

In case of Physical Shareholder

Share Registrar

Pakistan Services Limited

M/s. THK Associates (Pvt) Limited,
Plot No. 32-C, Jami Commercial Street 2,
DHA Phase VII, Karachi
Phone: 021-111-000-322 E-mail: sfc@thk.com.pk

Participant Id	
Investor / Sub Account No.	
Folio number (Physical Shareholder)	
Title of Account	
IBAN Number	
Bank Name	
Branch	
Branch Address	
Mobile Number	
Email address	

Authorized Signatories (to be signed as per operating instruction, in case of physical dispatch)

1) ____________________________ 2) ____________________________

3) ____________________________ 4) ____________________________

For information, how to fill the form:

A)	IBAN Number (24 Digit):	PK37 HABB 0000 0700 3333 9999 (example)
B)	E-mail invest or account services CDC:	ias-khi@cdcpak.com (example)
C)	Independent Share Registrar:	it@thk.com.pk (example)
D)	CDC Participant:	in case of a sub account with any of the broker participant, kindl y convey information to your broker participant.

NOTES

NOTES


PEARL-CONTINENTAL HOTEL, MALAM JABBA

PAKISTAN SERVICES LTD.

1st Floor, NESPAK House, Sector G-5/2, Islamabad
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