ANNUAL REPORT 2021

PSL
PAKISTAN SERVICES LTD.

Pearl-Continental
HOTELS & RESORTS

ATTABAD | GILGIT BALTISTAN

PEARL-CONTINENTAL HOTEL, KARACHI

PSL

PAKISTAN SERVICES LTD.

Pearl-Continental

HOTELS & RESORTS

ANNUAL REPORT 2021

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PEARL-CONTINENTAL HOTEL, PESHAWAR

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. Mansoor Khan

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, BHURBAN

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 Maḥmood
Chief Financial Officer

Mr. Mansoor Khan
Company Secretary

Syed Nehal Ahmed Zaidi
Head of Internal Audit

NOTICE OF 62ND ANNUAL GENERAL MEETING

Notice is hereby given that the 62nd Annual General Meeting of Pakistan Services Limited will be held on **Wednesday, October 27, 2021 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 28, 2020.
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, 2021.
3. To appoint Auditors for the year 2021-22 and fix their remuneration.

SPECIAL BUSINESS:

4. To consider and approve an Advance appearing in the Company's Financial Statements already given for purchase of tourist site pieces of land/plot(s) measuring altogether 7.29 Acres in Gwadar to an Associated Company namely M/s. Associated Builders (Pvt) Limited, which in the view of Securities & Exchange Commission of Pakistan (SECP) attracts the provisions of Section-199 of the Companies Act, 2017.
5. To consider any other business with the permission of the Chair.

By Order of the Board

Mansoor Khan
Company Secretary

Islamabad: September 29, 2021

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, 2021 to October 27, 2021 (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:

Pakistan Services Limited

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

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

Share Registrar

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.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This Statement sets out the material facts concerning the special business given in Agenda item no. 4 of the Notice of Annual General Meeting.

ADVANCE FOR PURCHASE OF LAND FROM ASSOCIATED CONCERN

In 2008, the Company entered into an Agreement with M/s. Associated Builders (Pvt) Limited ("the Seller/ABPL"), an associated concern, for purchase of two developed tourist site pieces of land/plot(s) measuring altogether 7.29 Acres in Golden Palms Project, Gwadar and paid part consideration of Rs. 626.82 million towards acquisition of the said pieces of land/plot(s). As per terms of the said Agreement, the ABPL/Seller shall deliver to the Company vacant and physical possession of the said land/plot(s) by June 30, 2012 after completion of development work.

Despite best efforts made by ABPL for development of the Project, ABPL faces severe hurdles in the development work by the Govt. authorities and Gwadar Development Authority ("GDA"), as the GDA numerously revised the Master Plan which resulted submission of revised plan to GDA for their approval and the development work was hampered and delay by such frequent changes.

The Company has been allotted provisional allotment letter(s) of the said land/plot(s) and is in continuous correspondence with ABPL for issuance of final allotment and physical possession of the land/plot(s) but due to aforementioned reasons, the possession and final allotment of land/plot(s) is pending, and the part consideration is appearing as advance in the Company's Financial Statements.

It is pertinent to mention that, from the date of this transaction, the Company had been disclosing the same in its Financial Statements and had been reflecting the paid part consideration as advance for purchase of land in its Financial Statements which are being adopted by the Members at AGM every year and believes that this advance for purchase of land / plot(s) does not fall within the ambit of Section-199 of the Companies Act, 2017. However, Securities & Exchange Commission of Pakistan (SECP) is of the other view, hence the Company has challenged the same on legal grounds by filing an appeal which is pending adjudication.

In the best interest of the Company and its shareholders, the Company has decided to expressly place this matter before the Members, seeking approval of this transaction, without admitting to any assertions of SECP on applicability of provisions of Section-199 of the Companies Act, 2017 and the aforesaid approval is on non-prejudiced basis.

(a) Disclosures for all types of Investment; (A) Regarding associated company or associated undertaking:			
(i)	name of associated Company		M/s. Associated Builders (Private) Limited (ABL)
(ii)	basis of relationship		Associated Company due to common director
(iii)	earnings per share for the last three years		Loss per share 2018: 12.11 2019: 11.82 2020: 10.54
(iv)	break-up value per share, based on latest audited financial statements		(0.23) per share
(i)	financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements		Description Amount (000) Non-Current Assets: 3,122,515 Current Assets: 16,590 Non-Current Liabilities: 4,219,745 Current Liabilities: 11,888
	in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely;		
	i.	description of the project and its history since conceptualization	The Seller has established a land development scheme in Gwadar with the name of Golden Palm and the Company booked two tourist site plots facing Arabian Sea with 265 feet wide Marine drive on its back for tourist related projects in Golden Palm.
	ii.	starting date and expected date of completion of work;	Depending upon finalization of master plan of Gwadar City
	iii.	time by which such project shall become commercially operational	Depending upon finalization of master plan
	iv.	expected time by which the project shall start paying return on investment; and	Long term strategic investment
	v.	funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Advance Given Advance of Rs. 626.820 million
(B) General disclosures;			
(i)	maximum amount of investment to be made		Rs. 659.811 million
(ii)	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment		To tap the benefits of future development in Gwadar City
(iii)	sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:		Amount already paid through Internal sources of the Company
	(i)	justification for investment through borrowings	NA
	(ii)	detail of collateral, guarantees provided and assets pledged for obtaining such funds; and	NA
	(iii)	cost benefit analysis	NA

(iv)	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	NA
(v)	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	At present, Mr. Shakir Abu Bakar is a common director & shareholder holding 0.002 % shares in ABL and Mr. Murtaza Hashwani is a shareholder holding 0.07 % shares in ABL.
(vi)	in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	Nil
(VII)	any other important details necessary for the members to understand the transaction	NA
(b) In case of equity investment, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made		
(i)	maximum price at which securities will be acquired	NA
(ii)	in case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	NA
(iii)	maximum number of securities to be acquired	NA
(iv)	number of securities and percentage thereof held before and after the proposed investment	NA
(v)	current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	NA
(vi)	fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	NA
(c) In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made		
	category-wise amount of investment	The Company has not made any investment in M/s. Associated Builders (Pvt) Ltd rather an advance for purchase of land has been given
	average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	NA
	rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	NA
	particulars of collateral or security to be obtained in relation to the proposed investment	NA
	if the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; and	NA
	repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking	NA
	Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated undertakings) Regulations, 2017	
	NA	

CHAIRMAN'S REVIEW

Dear Members

I am pleased to present 62nd annual report of Pakistan Services Limited comprising unconsolidated and consolidated audited financial statements for the year ended on 30 June 2021 together with the auditors' report thereon.

THE GLOBAL ECONOMIC ENVIRONMENT

The global economy is climbing out from the depths to which it had plummeted during pandemic, many countries have slowed reopening, and some are reinstating partial lockdowns to protect susceptible spread of Pandemic. Although mass vaccination has raised hopes of a turnaround in the pandemic, but new variants waves of the virus pose concerns on economy.

The world economy is projected to grow as the effect of pandemic started gradually fading away, the economic & sports activities around are gradually back on track. We have witnessed a steady progress on learning curve of people around the globe for all safety measures pertaining to Pandemic in daily routine life causing fast normalcy of activities. The pandemic has caused severe surge in prices of all commodities especially in food items causing increase in cost of doing business.

While there are positive signs of economy recovery, the pandemic continues to effect uneven progress on recovery of the economy due to resurgence of pandemic cases. Globally coordinated efforts are essential to cut the impact of this pandemic through accelerated access to vaccine distribution and debt relief by world donors to countries with fragile economies.

PAKISTAN

Pakistan's economy, like rest of the world, has struggled to combat the economic consequences of pandemic through prompt measures for supporting the economy and saving the lives and livelihoods. Besides, virus containment measures, the government has implemented a comprehensive set of measures including the largest ever economic stimulus package, a construction package, an expansion of the social safety net to protect the vulnerable segments of the society besides supportive monetary policy stance along with targeted financial initiatives. These measures helped the economy in diminishing the negative impact of the pandemic.

Pakistan's growth prospects have been influenced by pandemic challenge and now the economy is steadily progressing towards more sustainable and inclusive growth path. The performance in agriculture, LSM, construction and exports sectors are amongst the key success stories.

The State bank of Pakistan through monetary policy remained fully supportive toward economic recovery and financial stability. Inflation all over the world remained volatile mainly due to supply-chain disruptions in commodities on account of pandemic.

PROSPECTS

The economic performance clearly shows that the economy is improving in the post-COVID-19 era. The start of mass vaccination has raised hopes of a turnaround in the pandemic in near future. The business confidence has returned, and economic activity is slowly getting back on track. It is expected that macroeconomic stabilization measures and structural reforms supported by international development partners will help the economy to move on a higher and sustainable growth trajectory.

Keeping in view the significant performance pertaining to FATF conditions, potential of exports and e-commerce, recently addition of Pakistan in seller's list of Amazon alongside vivid performance of Pakistan Stock Exchange (PSX) post to initial pandemic impact reflects the investors' confidence and revival of economy.

In view of the policies of government and measures taken to promote domestic and international tourism, including eased visa policy, it is expected that there will be noticeable rise in domestic and as well international tourism that will surely boost the hospitality industry in Pakistan. The Pakistan government's tourism campaign has also helped to raise the country's profile in the global tourism market.

OVERALL PERFORMANCE OF THE COMPANY

Since the hospitality sector around the globe was the most effected sector from pandemic, hence the company's operations remained severely affected during the financial year. To comply with the directives issued by the Federal & Provincial Governments and Local Administration Authorities, the company was operating with limited scope under time-to-time restrictions imposed by authorities on Food & Beverage outlets, restaurants and Banquet activities. Besides, some of the hotels were on temporarily closure for certain time period during the year.

The Company, for the year under report earned operating profit of Rs. 529 million compared with operating loss of Rs. 285 million of the previous year. However due to Finance Cost it recorded loss before tax of Rs. 577 million as compared to loss before tax of Rs. 1,843 million of the last year.

The operating results of the company indicate the improved cost efficiency as compared to last year, Company expect 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 acknowledges that material uncertainty remains over the Company's ability to meet its funding requirements. However, as described above, management has a reasonable expectation that the Company has adequate resources to continue in operational existence in the foreseeable future. If for any reason the Company is unable to continue as going concern, then this could have an impact on the Company's ability to realize assets, and to extinguish its liabilities in the normal course of business.

PERFORMANCE OF ROOMS DEPARTMENT

The revenue (exclusive of GST) was Rs. 2,671 million against Rs. 3,517 million in the last year indicating a drop-in revenue by Rs. 846 million.

PERFORMANCE OF FOOD & BEVERAGE DEPARTMENT

The revenue (exclusive of GST) was Rs. 3,581 million as against Rs. 4,138 million of the last year. The revenue of this segment has decreased by Rs. 557 million.

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

Revenue (exclusive of GST) during the year under review was Rs. 689 million as compared with Rs. 513 million of the prior year.

INTERNAL CONTROL SYSTEMS

To achieve the objective of a business, proper execution of business activities in the light of prevailing laws and socio-economic conditions of the Country, our company has adopted strong internal control procedures.

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 of 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 has established a controlling activities system to prevent risk associated with every objective. These controlling activities include all those measures that are to be followed by the employees, like relevant information for decision making 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 recently entered into agreement for installation of 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 independent 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. 1,999 million as against Rs. 2,841 million in the corresponding period of last year to Provincial and Federal governments in the form of customs duties, general sales tax, income tax and other levies.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated revenue of the Company in the reporting year was Rs. 7,077 million, as compared to Rs. 8,781 million that of the last year. The consolidated loss before and after tax for the year under review were Rs. 558 million and Rs. 455 million correspondingly.

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. 90 million during the year under report as compared to Rs. 140 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 2020-21.

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

29 September 2021

PEARL-CONTINENTAL ATTABAD LAKE RESORT

A JEWEL CARVED OUT OF MOUNTAIN

Whether it's your first time visiting Attabad Lake, or you're returning to the Valley that holds countless vacation memories, you'll soon find this gem to be a quintessential lakeside retreat for you and your family. The Pearl-Continental Hotel Attabad is gearing up to open its doors to a brand-new Resort being built on an 85,000 square feet strip of land, right next to the lake, just 300 metres off the main Karakorum Highway.

The shores of Attabad Lake are quiet and relaxing, making it a perfect location for your vacation or business trip. Within the hotel there will be spacious rooms, and guest suites, with attached terraces all opening out to the crystalline and vividly coloured views of the Attabad Lake. The lake and the hotel will be surrounded by the breathtaking snowcapped mountains during winters. The Lake, with its glassy still surface, and the surrounding scenery that will be shifting colours throughout the seasons, changing from the deep turquoise to warm saffron tones in the warmer months, all tucked away nicely in the centre of the majestic Karakorum Range, making this surreal. Just like in a fairy tale this hotel will truly look like a jewel carved out of a mountain.

The surrounding of the majestic Attabad Lake completely disconnects you from the hustle and bustle of the modern world. In order to maintain the perfect balance between nature and luxury, Pearl-Continental Attabad Lake Resort will bring the essence of a five-star luxury in this exhilarating setting. Our innovative use of exquisite materials in an international and inclusive design will ensure that the building provides equal access to everyone, including the elderly and those with special needs. The surrounding of the scenic Attabad lake soothes the spirit while an array of resort-style amenities inside the hotel will make it easy to do as much or as little as you like.

ACCOMMODATION

The five-star Lake Resort will offer comfortable accommodation with spectacular views. The guests will be able to choose from a wide range of 95 spacious rooms and 10 guest suites, with 24-hour power back up, central air conditioning, access to instant hot water and elevators. Each room will provide a high-speed Wi-Fi connectivity along with a host of modern amenities and services. Laundry, food & beverage, and the front desk service will be available round the clock. Parking spaces for all hotel guests, along with a valet service will also be available on the premises.

DINING

You will be able to enjoy dining from a selection of cuisines in our all-day restaurant, terrace barbeque, at the patio, on the roof, or by the poolside. You can also order through the in-room menus for a more private dining experience in your rooms or the terrace. Additionally, we will also be incorporating a lot of locally sourced produce, prepared by our expert chefs, to serve you delicious delicacies of the North. To grab a quick snack, our coffee shop will treat you with some warm, buttery baked goods, all baked fresh in-house.

MEETINGS & EVENTS

There will be banquet and seminar halls, with a seating capacity of more than 100 individuals, at the Pearl-Continental Attabad Lake Resort. Not only will the halls be chic, but will also provide state-of-the-art audiovisual technology, ideal for destination weddings, business meetings and corporate events. Our 5 conference rooms, each with a seating capacity of 10 individuals, are fitted with the latest technology for a perfect presentation.

WELLNESS AND RECREATIONAL FACILITIES

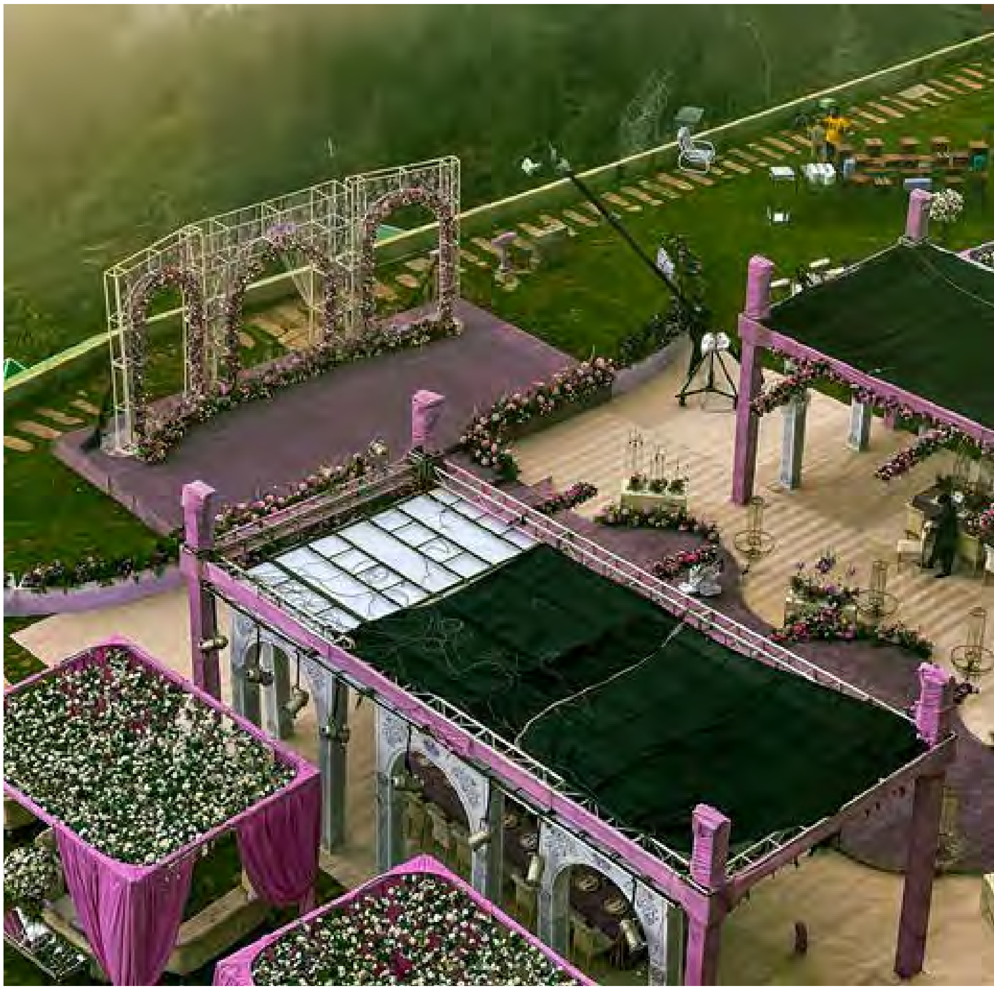
You might want to spend the day lounging on the terrace, soaking up the sun, appreciating the views, or splash in the pool with the kids. The hotel also plans to host yoga retreats for yoga practitioners. From the fitness centre, a fully equipped gym, hot tub and a hair salon, all onsite, to jet skiing, rafting, boating, fishing and other fun activities nearby, there will definitely be something for everyone.

DESTINATION WEDDINGS

Looking for some truly spectacular scenery to serve as the backdrop for your big day? Look no further than these incredibly breath-taking locations, all in Pakistan!

During the pre-pandemic times, Europe was known to be the most popular destination wedding spot, with Italy being a firm favourite. However, as the events of 2020 paralysed the tourism industry, putting a halt on all our international travel plans, we started exploring options around us. Fortunately, there are several locations throughout the country where you can host a magical destination wedding without breaking the bank. Mountain weddings truly exemplify rustic romantic style. From the lush green mountains of Pir Panjal Range, in the Bhurban region, the snow-covered stunning Hindu Kush Mountain range at Malam Jabba, to the glorious Pir Chinasi and surrounding mountain ranges of Muzaffarabad. These natural wonders can serve as the perfect backdrop for your ceremony or wedding portraits.

MALAM JABBA



The landmark five-star Pearl-Continental Hotel Malam Jabba was built in 2019 and is adorned with mountain-inspired decor to fit in with its natural surrounding beauty. Featuring Pakistan's largest ski area, snow-skating tracks, ziplines, chairlifts, rock climbing, health club and business centres, you'll feel right at home at this mountain hideaway.

Located almost four hours away from Islamabad, there are plenty of event spaces on site to tie the knot. The Hotel offers two phenomenal sites for your dream wedding, Grand Valley Ballroom adjacent to the Grand Valley Lawn. Get married in the picturesque Lawn, for a beautiful outdoor setting. Or alternatively consider our Ballroom, featuring floor-to-ceiling paneled windows boasting panoramic views of the Hindu Kush mountains at every turn, for your wedding reception.

The wedding package comes with an event planning guide, house tables, linens, chairs, and table settings. When it comes to food and beverage, the in-house kitchen offers delicious eats that are made from scratch and with locally sourced ingredients. Team up with our chefs to discuss and choose from our menus that you and your guests are guaranteed to love. The staff at Pearl-Continental Malam Jabba are ready to make your mountain wedding dreams a reality.

MUZAFFARABAD

From walking trails and picturesque sunsets to the natural beauty of the confluence of Neelum and Jhelum Rivers, this all-inclusive venue is a nature lover's dream. In the summer and fall you'll be surrounded by fresh mountain air, lush greenery or foliage depending on the time of year. Right in the centre of all this beauty, standing in all its glory, the Pearl-Continental Hotel Muzaffarabad offers you a number of ceremony and reception sites for your big day.

Located just three hours away from Islamabad, the stunning hotel was built in 2008. Here you will find multiple locations on the property that are perfect for an outdoor ceremony. Whether you want to have your reception in a grassy meadow facing the mountains, or overlooking the beautiful Neelum and Jhelum rivers, there are lots of areas at the hotel that would serve as beautiful backdrops for your wedding ceremony. The Zaver Ballroom, seating up to 500 guests, and Ballroom Foyer, both offer an aesthetically pleasing design that would lend itself to a beautiful mountain-wedding. Continue the celebrations outside with a tented reception so you can enjoy the star-studded Kashmir skies, adding up to the beautiful memories of your special day with your loved ones.

BHURBAN

Overlooking the Pir Panjal mountain range, the stunning five-star Pearl-Continental Hotel Bhurban landed on the map back in 1992. Ever since, it has maintained its spot as the favourite weekend getaway for the residents of Islamabad, Rawalpindi as well as Lahore. Along with the natural beauty, a wide range of exciting recreational activities and facilities such as snooker club, table tennis, a nine-hole golf course, jacuzzi, sauna, gym, trekking and the 12-D motion ride, ensuring that there is something for everyone.

Located just two hours away from Islamabad and set amidst the Murree and Kashmir Mountains, this luxury resort is a perfect choice for your once-in-a-lifetime event. Whether you want an intimate gathering, or a big celebration, the team at this beautiful Hotel, in the heart of the great outdoors, is ready to make your big day happen. There are multiple event spaces to choose from. For an outdoor ceremony, consider the Pool Lawn, which features panoramic views of the majestic mountains and impressive stonework. For a larger gathering, there are a total of 11 Halls to choose from, depending on the number of guests for your event. The Zaver Hall and Chinar Hall are the hotel's largest event spaces that accommodate up to 320 guests and boast a more glamorous aesthetic, whereas the outdoor lawn would lend itself better for an intimate al fresco dinner under the glistening stars.

DIRECTORS' REPORT

Dear Members

The Board of Directors ("the Board") of Pakistan Services Limited ("the Company") is pleased to present the 62nd Annual Report with the audited unconsolidated financial statements of the Company for the year ended 30 June 2021 along with the Auditors' Report thereon.

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

	(Rupees, 000)
Operating profit	528,685
Un-realized gain on re-measurement of investments	18,191
Finance income	102,458
Finance Cost	(1,226,577)
Loss before taxation	(577,243)
Taxation	181,351
Loss for the year	(395,892)
Other Comprehensive Income for the year	(19,627)
Un-appropriated profit brought forward	3,487,599
Profit available for appropriation	3,210,061

Loss per share for the year 2020-21 arrived at Rs. 12.17.

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

The Company has paid amount of Rs. 137.547 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 Director and Chief Executive.

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.

During the year the Company successfully negotiated for rescheduling/restructuring of its outstanding long term loan amounts along with markup due for a period of seven years inclusive of two years of deferment/grace period for repayment of principal and markup on loans.

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 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 2022.

M.A. Bawany
Director

Shakir Abu Bakar
Director

Islamabad: 29 September 2021

کمپنی نے ایگزیکیٹیو ڈائرکٹرز کو 137.547 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۔

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 نظا مضبوط ہے اور موثر طریقے سے کام کررہا ہے

کمپنی نے دوران سال طویل مدتی قرضہ جات اوران پرانٹرسٹ کی ادائیگی کی مالیاتی ذمہ داری کو نئے سرے سے مرتب کرنے کے لئے کامیاب مذاکرات کئے اور پنے طویل مدتی قرضہ جات اورانٹرسٹ کی ادائیگی نئے سرے سے سات سال کے لئے مرتب کیا جس میں دوسال کی التواءشدہ/رعایتی مدت شامل ہے۔

کمپنی کے ڈائریکٹرز نے موثر فنانشل کنٹرول واضع جوکہ مکمل طور پرنافذ ہیں۔

ریٹائرڈ ہونے والے آڈیٹرز، کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کے ناطےاپنے 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 اکاؤنٹنٹس کو جون 2022 کوختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز مقرر کرنے کی تجویز دی ہے۔

ڈائریکٹر	ڈائریکٹر
ایم-اے- باوانی	شاکرابوبکر

اسلام آباد: 29 ستمبر 2021

بورڈ کی ترکیب درج ذیل ہے:

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

بورڈ نے درج ذیل کمیٹیاں تشکیل دیں:

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

نومینیشن کمیٹی	رسک مینجمنٹ کمیٹی
جناب مرتضٰی ہاشوانی	جناب مرتضٰی 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 62ویں سالانہ رپورٹ بمعہ کمپنی کی محاسبہ شدہ مالی گوشورے برائے سال جو کہ مورخہ 30 جون 2021 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	528,685
سرمایہ کاری کے دوبارہ تعینِ مقدار پر غیر حاصل شدہ منافع	18,191
مالیاتی آمدن	102,458
مالیاتی لاگت	(1,226,577)
نقصان قابل از ٹیکس	(577,243)
ٹیکس	181,351
دوران سال نقصان	(395,892)
دوران سال کی دیگر جامع آمدن	(19,627)
غیر مختص منافع	3,487,599
قابل تقسیم منافع	3,210,061

سال 21-2020 کے لیے فی حصص خسارہ 12.17 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

		2021	2020	2019	2018	2017	2016
Profitability Ratios							
Gross profit ratio	%	31.64	33.42	39.74	46.35	44.66	45.72
Net profit to sales	%	(5.70)	(21.35)	(8.45)	4.71	11.71	6.83
EBIDTA margin to sales	%	24.16	11.39	16.24	21.46	26.36	20.69
Return on equity	%	(1.15)	(4.99)	(2.47)	1.38	3.58	1.98
Return on capital employed	%	(0.85)	(3.84)	(1.81)	1.07	2.89	1.81
Return on assets	%	(0.72)	(3.14)	(1.60)	0.98	2.71	1.71
Liquidity Ratios							
Current ratio		1.15	0.58	1.10	1.45	2.50	1.24
Quick / acid test ratio		1.11	0.55	1.05	1.38	2.40	1.11
Cash and bak to current liabilities		0.03	0.04	0.04	0.31	0.10	0.17
Cash flow from operations to sales		0.07	(0.02)	0.004	0.14	0.16	0.22
Activity Turnover Ratios							
Inventory turnover	Days	24	19	18	18	19	22
Debtors turnover	Days	48	14	30	36	35	34
Creditors turnover	Days	68	63	27	35	18	22
Operating cycle	Days	4	(30)	21	19	36	34
Property, plant & equipment turnover	Times	0.17	0.19	0.25	0.26	0.30	0.29
Total assets turnover	Times	0.13	0.15	0.19	0.21	0.23	0.25
Investment / Market Ratios							
Earnings/ (loss) per share - basic and diluted	Rs	(12.17)	(53.62)	(26.55)	15.24	35.33	19.22
Price earning ratio	Rs	(73.94)	(19.02)	(38.42)	64.98	25.54	35.10
Dividend yield ratio	%	-	-	-	1.01	1.66	1.11
Dividend payout ratio	%	-	-	-	65.63	42.46	39.02
Dividend cover ratio	%	-	-	-	1.52	1.77	2.56
Cash dividend per share	Rs	-	-	-	10.00	15.00	7.50
Market value per share at year end	Rs	900	1,020	1,020	990.00	902.50	674.73
Highest market value per share during the year	Rs	988	1,066	1,060	1,045	980.00	674.73
Lowest market value per share during the year	Rs	842	894	900	900.00	699.99	499.2
Breakup value per share (Including the effect of surplus on revaluation of property, plant & equipment).	Rs	1,061	1,074	1,073	1,102	987	970
Breakup value per share (Excluding surplus on revaluation of property, plant & equipment).	Rs	166	175	227	255	256	239
Capital Structure Ratios							
Financial leverage ratio		0.42	0.40	0.42	0.31	0.23	0.09
Long term debt : Equity (Including the effect of surplus on revaluation of property, plant & equipment)		0.33	0.27	0.33	0.27	0.21	0.07
Long term debt : Equity (Excluding surplus on revaluation of property, plant & equipment)		2.10	1.64	1.57	1.16	0.82	0.28
Interest cover ratio		0.43	(0.16)	0.89	2.43	4.43	6.69
Summary of Cash Flows							
Net cash flow from operating activities	(Rs.000)	488,929	(123,098)	44,292	1,518,433	1,600,646	2,013,492
Net cash flow from investing activities	(Rs.000)	67,160	(79,271)	(5,034,912)	(3,894,336)	(6,095,428)	(4,005,839)
Net cash flow from financing activities	(Rs.000)	(622,075)	(1,022,868)	3,273,770	3,158,697	4,046,367	1,605,435
Net change in cash and cash equivalents	(Rs.000)	(65,986)	(1,225,237)	(1,716,850)	782,794	(448,415)	(386,912)

HORIZONTAL ANALYSIS

Balance Sheet

(Rs. '000)	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15
		%		%		%		%		%		%
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	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	7,189,345	4.25
Revaluation surplus on property, plant and equipment	29,105,049		29,243,030		27,530,740		27,530,741		23,779,515		23,779,515	
Total equity	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	31,563,526	0.94
Liabilities												
Loans and borrowings	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	2,205,321	221.88
Lease liabilities	129,287	(38.64)	210,697	849.38	22,193	-	-	-	-	-	-	-
Deferred government grant	21,004	(30.33)	30,148	-	-	-	-	-	-	-	-	-
Employee benefits	684,741	(1.96)	698,462	(9.72)	773,666	16.15	666,088	10.98	600,182	16.55	514,935	9.50
Deferred tax liability-net	-	(100.00)	239,465	(44.31)	429,984	57.77	272,545	30.02	209,611	15.54	181,414	3.77
Other Non Current Liabilites	18,801	100.00	-	-	-	-	-	-	-	-	-	-
Non-current liabilities	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	2,901,670	118.14
Trade and other payables	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	1,594,818	(2.11)
Contract liabilities	512,381	26.85	403,933	1.00	399,943	-	-	-	-	-	-	-
Markup payable	-	-	-	-	-	-	-	-	103,859	22.39	84,856	121.83
Short term borrowings	2,612,631	(6.93)	2,807,284	121.99	1,264,583	121.56	570,768	67.90	339,943		-	0
Current portion of loans and borrowings	3,057,314	(32.45)	4,525,870	47.19	3,074,897	97.78	1,554,669	212.46	497,562	(0.49)	500,000	572.12
Current portion of lease liabilities	89,241	(14.83)	104,785	690.65	13,253	-	-	-	-	-	-	-
Advance against non-current assets held for sale	-	(100.00)	12,000	-	-	-	-	-	-	-	-	-
Unclaime dividend	9,242	-	9,242	-	9,242	-	9,242	-	16,588	92.88	8,600	143.35
Unpaid dividend	1,528	-	1,528	-	1,528	(92.05)	19,210	-	-	-	-	-
Current liabilities	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	2,188,274	25.37
Total equity and liabilities	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	36,653,470	6.72
Assets												
Property, plant and equipment	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	31,619,780	9.42
Advances for capital expenditure	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	1,220,607	3.84
Intangible Assets	75,585	100.00	-	-	-	-	-	-	-	-	-	-
Investment property	70,000	7.69	65,000	8.33	60,000	-	60,000	20.00	50,000	11.11	45,000	-
Long term investments	1,037,794	-	1,037,794	-	1,037,794	-	1,037,794	-	1,037,794	-	1,037,794	14.70
Advances against equity investment	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	28,181	(16.27)	33,657	(45.99)	62,316	64.12	37,970	70.09	22,323	(6.35)	23,838	26.37
Deffered Tax Assets-net	79,502	100.00	-	-	-	-	-	-	-	-	-	-
Non-current assets	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	33,947,019	9.36
Inventories	355,806	22.81	289,712	(7.63)	313,644	12.05	279,917	8.13	258,874	(9.02)	284,527	18.01
Trade debts	404,972	107.16	195,492	(64.02)	543,377	(22.89)	704,692	17.13	601,610	13.78	528,735	3.63
Contract assets	22,863	538.99	3,578	(87.97)	29,752	-	-	-	-	-	-	-
Advances, prepayments, trade deposits, and other receivables	298,225	(19.69)	371,355	(7.45)	401,258	33.93	287,185	(92.31)	3,895,250	1,677.61	219,128	(68.17)
Short term investments	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	1,208,587	10.41
Short Term Advances	-	-	-	(100.00)	515,000	1,187.50	40,000	-	-	-	-	-
Advance incom tax - net	495,508	2.97	481,238	5.79	454,898	109.73	216,899	242.92	63,251	(26.75)	86,344	1,951.90
Non-current assets held for sale	6,442,198	121.48	2,908,739	5.82	2,748,739	-	-	-	-	-	-	-
Cash and bank balances	283,722	(21.01)	359,202	49.00	241,080	(80.98)	1,268,375	368.26	270,658	(28.61)	379,130	(50.51)
Current assets	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	2,706,451	(18.10)
Total assets	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	36,653,470	6.72
Profit and Loss Account												
Revenue - Gross	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	10,783,011	15.32
Discount and Commissions	(171,352)	(30.90)	(130,905)	3.84	(136,138)	19.24	(168,561)	5.82	(178,970)	(18.81)	(150,639)	(18.60)
Sales tax	(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)	(1,481,312)	(13.79)
Revenue - net	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	9,151,060	15.51
Cost of sales and services	(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)	(4,967,545)	(15.83)
Gross profit	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	4,183,515	15.14
Other income	332,253	9.03	304,743	64.31	185,469	22.02	151,998	10.72	137,283	14.28	120,128	11.30
Administrative expenses	(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)	(2,383,614)	(5.39)
Reversal /(allowance for) impairment loss on trade debtos	122,392	204.62	(116,986)	(410.52)	(22,915)	-		-		-		-
Other expense	(134,394)	55.34	(300,895)	-	-	-	-	-	(40,509)	94.92	(797,536)	-
Operating (loss) / profit	528,685	285.67	(284,750)	(127.76)	1,025,905	(41.84)	1,763,815	(3.22)	1,822,475	62.36	1,122,493	(81.30)
Finance income	102,458	(39.45)	169,207	(32.65)	251,218	153.09	99,262	11.27	89,211	(38.43)	144,883	(4.53)
Gain/ (loss) on remeasurement of investments to fair value - net	18,191	2,599	674	100.14	(491,660)	(96.29)	(250,474)	(252)	165,120	41	116,859	306
Finance cost	(1,226,577)	29.04	(1,728,614)	(49.73)	(1,154,494)	(59.13)	(725,513)	(76.18)	(411,802)	(145.48)	(167,753)	(62.75)
Net finance cost	(1,105,928)		(1,558,733)		(1,394,936)		(876,725)		(157,471)		93,989	
(Loss) / profit before taxation	(577,243)	68.69	(1,843,483)	(399.55)	(369,031)	(141.60)	887,090	(46.72)	1,665,004	36.87	1,216,482	(80.65)
Income tax	181,351	82.32	99,469	120.12	(494,367)	(26.26)	(391,534)	24.11	(515,929)	12.74	(591,277)	(21.55)
(Loss) / profit for the year	(395,892)	77.30	(1,744,014)	(101.99)	(863,398)	(274.23)	495,556	(56.87)	1,149,075	83.79	625,205	(90.77)
(Loss) / Earnings per share - basic and diluted (Rupees)	(12.17)	77.30	(53.62)	(101.99)	(26.55)	(274.23)	15.24	(56.87)	35.33	83.79	19.22	(90.77)

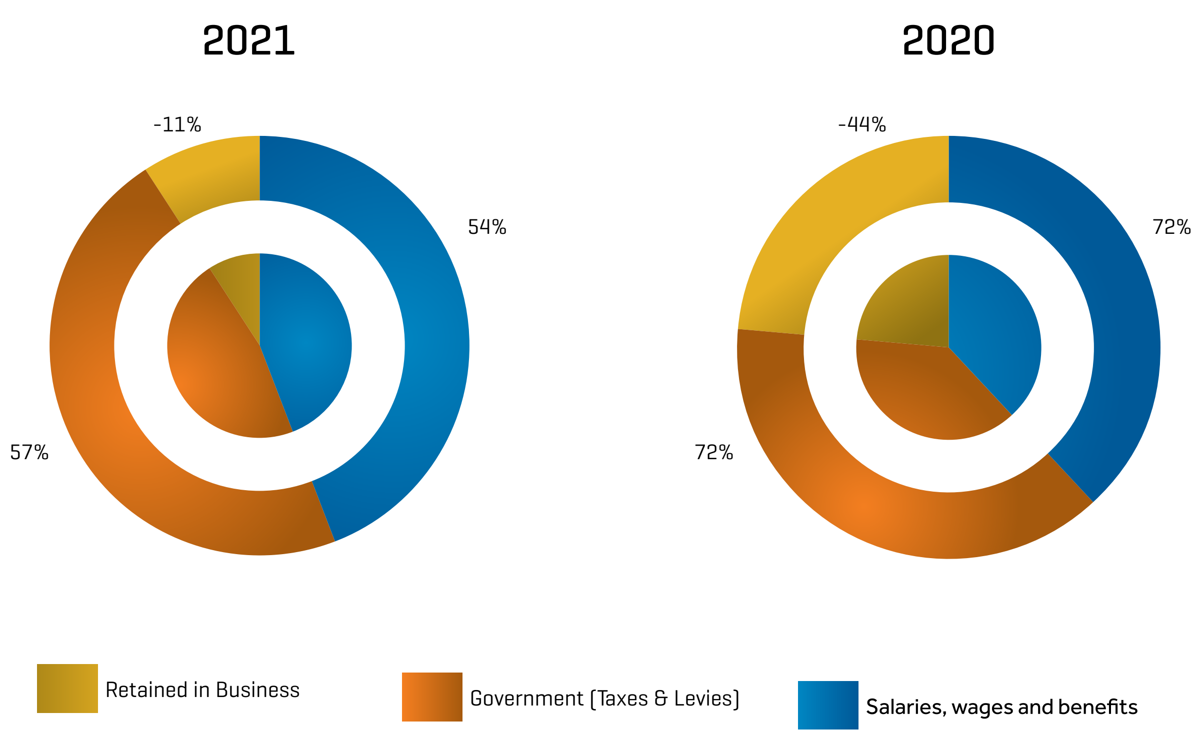
VERTICAL ANALYSIS

Balance Sheet

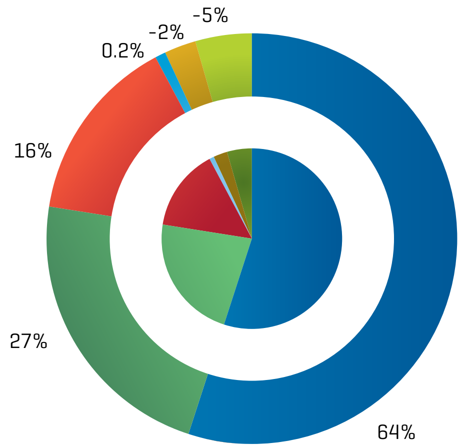
(Rs. '000)	2021		2020		2019		2018		2017		2016	
		%		%		%		%		%		%
Equity												
Share Capital	325,242	0.59	325,242	0.59	325,242	0.60	325,242	0.64	325,242	0.77	325,242	0.89
Capital reserves	269,424	0.49	269,424	0.49	269,424	0.50	269,424	0.53	269,424	0.64	269,424	0.74
Revenue reserves	4,810,061	8.74	5,087,599	9.17	6,779,566	12.54	7,714,976	15.27	7,741,860	18.29	7,189,345	19.61
Revaluation surplus on property, plant and equipment	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	23,779,515	64.88
Total equity	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	31,563,526	86.11
										-		-
Liabilities										-		-
Loans and borrowings	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	2,205,321	6.02
Lease liabilities	129,287	0.23	210,697	0.38	22,193							
Deferred government grant	21,004	0.04	30,148	0.05	-							
Employee benefits	684,741	1.24	698,462	1.26	773,666	1.43	666,088	1.32	600,182	1.42	514,935	1.40
Deferred tax liability-net	-	-	239,465	0.43	429,984	0.80	272,545	0.54	209,611	0.50	181,414	0.49
Other Non Current Liabilites	18,801	0.03	-	-	-	-	-	-	-	-	-	-
Non current liabilities	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	2,901,670	7.92
										-		-
Trade and other payables	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	1,594,818	4.35
Contract Liabilities	512,381	0.93	403,933	0.73	399,943	0.74						
Markup payable	-	-	-	-	-	-	223,910	0.44	103,859	0.25	84,856	0.23
Short term borrowings	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	3,057,314	5.56	4,525,870	8.15	3,074,497	5.69	1,347,134	2.67	497,562	1.18	500,000	1.36
Current portion of lease liabilities	89,241	0.16	104,785	0.19	13,253							
Advance against non-current assets held for sale	-	-	12,000	0.02	-	-	-	-	-	-	-	-
Unclaime dividend	9,242	0.02	9,242	0.02	9,242	0.02	9,242	0.02	16,588	0.04	8,600	0.02
Unpaid dividend	1,528	0.00	1,528	0.00	1,528	0.00	19,210	0.04		-		-
Current liabilities	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	2,188,274	5.97
										-		-
Total equity and liabilities	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	36,653,470	100.00
Assets												
Property, plant and equipment	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	31,619,780	86.27
Advance for capital expenditure	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	1,220,607	3.33
Intangible Asset	75,585	0.14	-	-	-	-	-	-	-	-	-	-
Investment property	70,000	0.13	65,000	0.12	60,000	0.11	60,000	0.12	50,000	0.12	45,000	0.12
Long term investments	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	1,037,794	2.83
Advance for equity investment	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	28,181	0.05	33,657	0.06	62,316	0.12	37,970	0.08	22,323	0.05	23,838	0.07
Deffered tax assets-net	79,502	0.14	-	-	-	-	-	-	-	-	-	-
Non-current assets	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	33,947,019	92.62
								-		-		-
Inventories	355,806	0.65	289,712	0.52	313,644	0.58	279,917	0.55	258,874	0.61	284,527	0.78
Trade debts	404,972	0.74	195,492	0.35	543,377	1.01	704,692	1.39	601,610	1.42	528,735	1.44
Contract Assets	22,863	0.04	3,578	0.01	29,752	0.06	-	-	-	-	-	-
Advances, prepayments, trade deposits,		-		-		-		-		-		-
and other receivables	298,225	0.54	371,355	0.67	401,258	0.74	299,613	0.59	3,895,250	9.20	219,128	0.60
Short term investments	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	1,208,587	3.30
Short Term Advance	-	-	-	-	515,000	0.95	40,000	0.08	-	-	-	-
Advance income tax - net	495,508	0.90	481,238	0.87	454,898	0.84	216,899	0.43	63,251	0.15	86,344	0.24
Assets held for sale	6,442,198	11.71	2,908,739	5.24	2,748,739	5.08	-	-	-	-	-	-
Cash and bank balances	283,722	0.52	359,202	0.65	241,080	0.45	1,267,377	2.51	270,658	0.64	379,130	1.03
Current assets	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	2,706,451	7.38
								-		-		-
Total assets	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	36,653,470	100.00
Profit and Loss Account												
Revenue - gross	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	10,783,011	100.00
Discounts and commissions	(171,352)	(2.09)	(130,905)	(1.37)	(136,138)	(1.14)	(168,561)	(1.36)	(178,970)	(1.55)	(150,639)	(1.40)
Sales tax	(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)	(1,481,312)	(13.74)
Revenue - net	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	9,151,060	84.87
Cost of sales and services	(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)	(4,967,545)	(46.07)
Gross profit	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	4,183,515	45.72
Other income	332,253	4.05	304,743	3.18	185,469	1.55	151,998	1.23	137,283	1.19	120,128	1.11
Administrative expenses	(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)	(2,383,614)	(22.11)
Reversal /(allowance for) impairment loss on trade debtos	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)	(797,536)	(7.40)
Operating profit /(loss)	528,685	6.45	(284,750)	(2.97)	1,025,905	8.56	1,763,815	14.27	1,822,475	15.79	1,122,493	10.41
										-		-
Finance income	102,458	1.25	169,207	1.77	251,218	2.10	99,262	0.80	89,211	0.77	144,883	1.34
Gain/ (loss) on remeasurement of investments to fair value - net	18,191	0.22	674	0.01	(491,660)	(4.10)	(250,474)	(2.03)	165,120	1.43	116,859	1.08
Finance cost	(1,226,577)	(14.96)	(1,728,614)	(18.05)	(1,154,494)	(9.63)	(725,513)	(5.87)	(411,802)	(3.57)	(167,753)	(1.56)
Net finance cost	(1,105,928)	(13.49)	(1,558,733)	(16.28)	(1,394,936)	(11.64)	(876,725)	(7.09)	(157,471)	(1.36)	93,989	0.87
(Loss) / profit before taxation	(577,243)	(7.04)	(1,843,483)	(19.25)	(369,031)	(3.08)	887,090	7.18	1,665,004	14.42	1,216,482	11.28
Income tax	181,351	2.21	99,469	1.04	(494,367)	(4.13)	(391,534)	(3.17)	(515,929)	(4.47)	(591,277)	(5.48)
(Loss) / profit for the year	(395,892)	(5.70)	(1,744,014)	(21.35)	(863,398)	(8.45)	495,556	4.71	1,149,075	11.71	625,205	6.83
(Loss) / Earnings per share - basic and diluted (Rupees)	(12.17)		(53.62)		(26.55)		15.24		35.33		19.22	

STATEMENT OF VALUE ADDITION & ITS DISTRIBUTION

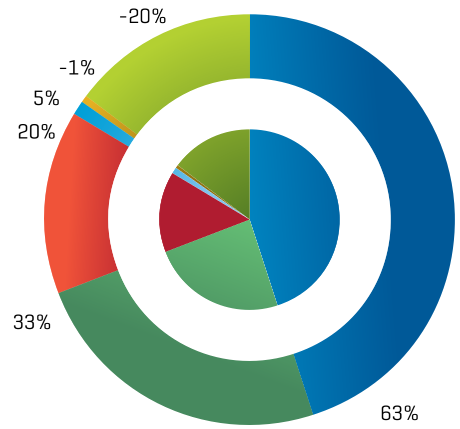
	Note	2020-21	2019-20
		(Rupees'000)	
VALUE ADDED			
Sales and Services (Inclusive of GST and other taxes)		8,027,510	9,464,176
Other operating income - net		452,902	474,624
		8,480,412	9,938,800
Cost of sales and other expenses (Excluding salaries, wages and benefits & taxes)		(4,989,522)	(6,019,275)
		3,490,890	3,919,525
DISTRIBUTION			
Salaries, wages and benefits		1,888,105	2,822,029
Government (Taxes & Levies)		1,998,677	2,841,510
Retained in Business		(395,892)	(1,744,014)
		3,490,890	3,919,525



APPLICATION OF SALES & OTHER INCOME
FINANCIAL YEAR 2020-21

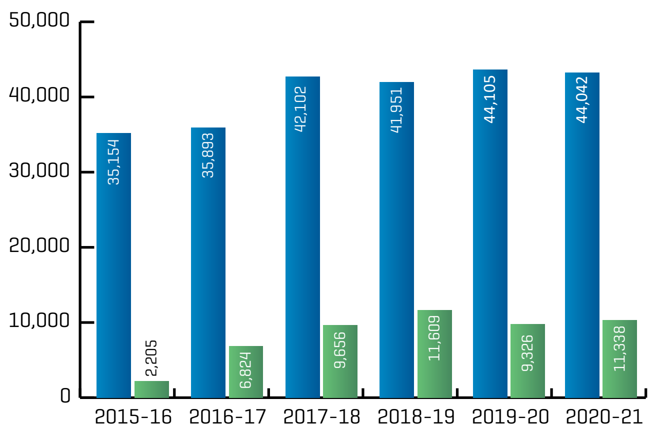


APPLICATION OF SALES & OTHER INCOME
FINANCIAL YEAR 2019-20

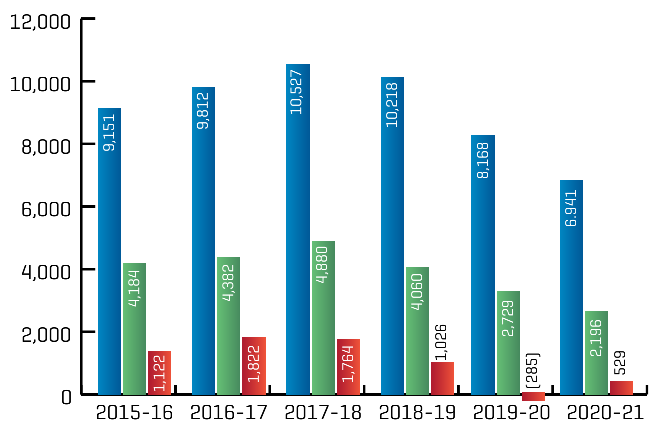


Cost of sales
Administrative expenses
Finance cost
Loss/ (Profit) after tax
Taxation
Other expenses

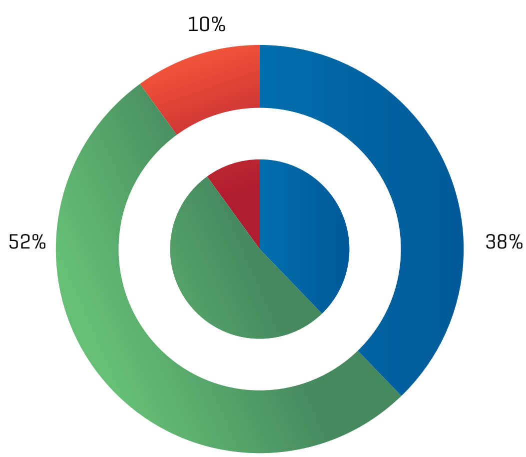
PROPERTY, PLANT & EQUIPMENT AT COST V/s LONG TERM DEBTS



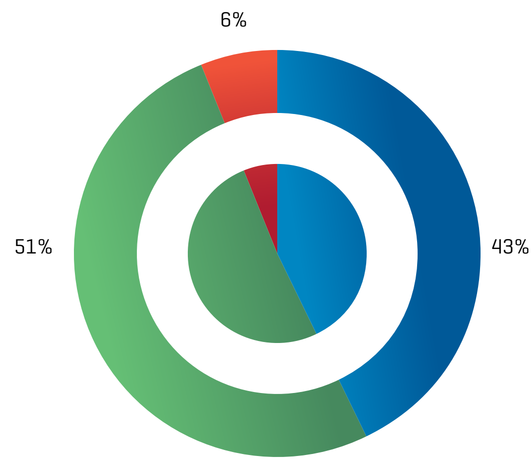
SALES AND SERVICES GROSS PROFIT OPERATING PROFIT



CONTRIBUTION OF MAJOR REVENUE GENERATING DEPARTMENTS
FINANCIAL YEAR 2020-21

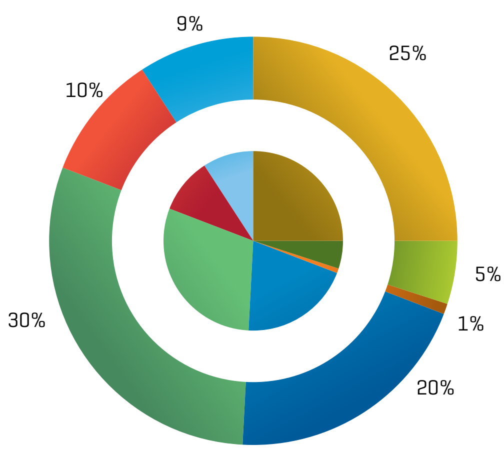


CONTRIBUTION OF MAJOR REVENUE GENERATING DEPARTMENTS
FINANCIAL YEAR 2019-20

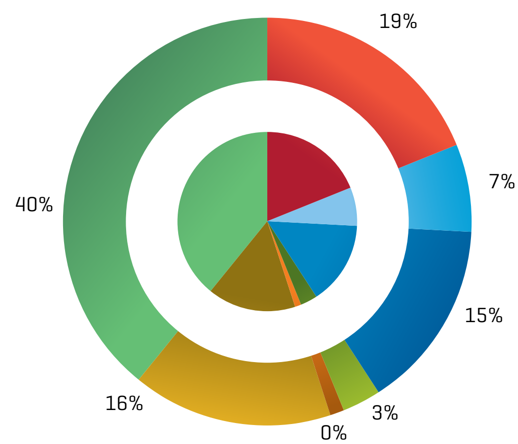


Room revenue
Food and beverage
Other related services

ROOM REVENUE
2020-21



FOOD AND BEVERAGES REVENUE - HOTEL WISE
2020-21



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

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

FOR THE YEAR ENDED 30 JUNE 2021

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 Director	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. During the year the Company has not arranged any non-mandatory training program for its Directors and female executives as stated in regulation 19 due to prevailing situation of Covid-19.
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:

    Out of total nine directors, six directors of the Company have completed/ exempted from director's training program. However, due to prevailing Covid-19 situation the Company has not arranged any non-mandatory training program for its Directors and female executives as stated in regulation 19.

Sadruddin Hashwani
Chairman
29 September 2021

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

TAI-PAN | 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 2021, 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 2021 and of the loss, the comprehensive loss, 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 unconsolidated financial statements which states that the Company has incurred a net loss after tax of Rs. 395.89 million during the year ended 30 June 2021 and as at that date, its current liabilities exceeded current assets (excluding non-current assets held for sale) by Rs. 5,178 million. These events or conditions, along with other matters as set forth in Note 2.3, indicate that a material uncertainty exists relating to events or conditions 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, following are the key audit matters:

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. 3,132 million and Rs. 4,257 million from rooms and sale of food and beverages respectively for the year ended 30 June 2021. 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 reservations, 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	**Related party transactions** Transactions with related parties are disclosed in note 43 to the unconsolidated financial statements. We identified transactions with related parties and relevant disclosures in the unconsolidated financial statements as key audit matter due to the nature and volume of transactions with related parties and their significance to the unconsolidated financial statements	Our audit procedures, amongst others, included the following: ● obtaining an understanding of the process that management has established to identify, account for and disclose related party transactions and to authorize and approve related party transactions and arrangements; ● comparing the related party transactions, on a sample basis, disclosed in the unconsolidated financial statements with the underlying records and performing procedures to identify related party transactions outside the normal course of business; ● obtaining, on a sample basis, external confirmations of related party transactions and year-end balances and comparing the same with the Company's record; ● comparing, on a sample basis, the recording of related party transactions with the underlying agreements / arrangements in place and supporting documentation and approvals; and

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

S. No.	Key audit matters	How the matter was addressed in our audit
		● assessing the adequacy of disclosures in the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan.
3	Impact of COVID-19 As disclosed in note 50 to the unconsolidated financial statements, the COVID-19 pandemic continued to have an impact resulting in disruption to business operations particularly to businesses in highly exposed sectors including hospitality industry and significant increase in economic uncertainty. Due to the lockdown and restrictions imposed by the Government of Pakistan, the Company's hotel properties remained fully/partially closed for operations during the year. In connection with the accounting and reporting obligations, the Company assessed the impact of COVID-19 related events on its unconsolidated financial statements particularly its impact on the appropriateness of the use of the going concern assumption, impairment of non-current assets and classification of long term debt obligations.	Our audit procedures, amongst others, included the following: ● obtaining an understanding of management's assessment of impact of COVID-19 pandemic and its related implications on the preparation and presentation of unconsolidated financial statements; ● evaluating appropriateness of management's assessment of going concern assumption and adequacy of related disclosures in the unconsolidated financial statements; ● assessing the compliance with the terms of financing agreements, the appropriateness of classification of long-term loans and the adequacy of related disclosures in the unconsolidated financial statements; ● evaluating the assessment of recoverable amounts for each cash generating unit (hotel properties and other non-current assets) to ascertain if any impairment was required to be recognized in the unconsolidated financial statements; ● Involving external expert to assist in testing of assessed values used in determining recoverable amounts of cash generating units; and ● Assessing the adequacy of disclosures in unconsolidated financial statements relating to impact of COVD-19 in accordance with the accounting and reporting standards as applicable in Pakistan.

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 2021, 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

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.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

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.

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

05 October 2021

Islamabad

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 2021 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 2021.

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) (ii) & 19 (3) (i)	As stated in para 19, the Company has not arranged any training program for its directors and female executive during the year and out of 9 directors only 6 are complied with the requirements of directors training program

KPMG Taseer Hadi & Co.

Chartered Accountants

05 October 2021

Islamabad

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	30 June 2021	30 June 2020
		(Rupees'000)	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve	5	269,424	269,424
Revenue reserves	6	4,810,061	5,087,599
Revaluation surplus on property, plant and equipment	7	29,105,049	29,243,030
Total equity		34,509,776	34,925,295
LIABILITIES			
Loans and borrowings	8	11,338,247	9,325,615
Lease liabilities	9	129,287	210,697
Deferred government grant	8.5	21,004	30,148
Employee benefits	10	684,741	698,462
Deferred tax liabilities - net	22	-	239,465
Other non-current liabilities		18,801	-
Non-current liabilities		12,192,080	10,504,387
Short term borrowings	11	2,612,631	2,807,284
Current portion of loans and borrowings	8	3,057,314	4,525,870
Current portion of lease liabilities	9	89,241	104,785
Trade and other payables	12	2,045,151	2,214,846
Contract liabilities	31	512,381	403,933
Advance against non-current assets held for sale		-	12,000
Unpaid dividend	13	1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		8,327,488	10,079,488
Total equity and liabilities		55,029,344	55,509,170
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 52 form an integral part of these unconsolidated financial statements.

	Note	30 June 2021	30 June 2020
		(Rupees'000)	
ASSETS			
Property, plant and equipment	15	39,716,318	43,738,846
Advances for capital expenditure	16	1,104,612	1,338,170
Intangible asset	17	75,585	-
Investment property	18	70,000	65,000
Long term investments	19	1,037,794	1,037,794
Advances against equity investment	20	3,325,571	3,412,571
Long term deposits	21	28,181	33,657
Deferred tax assets - net	22	79,502	-
Non-current assets		45,437,563	49,626,038
Inventories	23	355,806	289,712
Trade debts	24	404,972	195,492
Contract assets	31	22,863	3,578
Advances, prepayments, trade deposits and other receivables	25	298,225	371,355
Short term investments	26	1,288,487	1,273,816
Non-current assets held for sale	27	6,442,198	2,908,739
Advance income tax - net	28	495,508	481,238
Cash and bank balances	29	283,722	359,202
Current assets		9,591,781	5,883,132
Total assets		55,029,344	55,509,170

M.A. Bawany
Director

Shakir Abu Bakar
Director

Tahir Mahmood
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	30 June 2021	30 June 2020
		(Rupees'000)	
Revenue - net	30	6,940,821	8,168,413
Cost of sales and services	32	(4,744,596)	(5,438,898)
Gross profit		2,196,225	2,729,515
Other income	33	332,253	304,743
Administrative expenses	34	(1,987,791)	(2,901,127)
Reversal of / (allowance for) impairment loss on trade debts	24	122,392	(116,986)
Other expense	35	(134,394)	(300,895)
Operating profit / (loss)		528,685	(284,750)
Finance income	36	102,458	169,207
Gain on remeasurement of investments to fair value - net		18,191	674
Finance cost	37	(1,226,577)	(1,728,614)
Net finance cost		(1,105,928)	(1,558,733)
Loss before taxation		(577,243)	(1,843,483)
Income tax	38	181,351	99,469
Loss for the year		(395,892)	(1,744,014)
Loss per share - basic and diluted (Rupees)	39	(12.17)	(53.62)

The annexed notes 1 to 52 form an integral part of these unconsolidated financial statements.

M.A. Bawany
Director

Shakir Abu Bakar
Director

Tahir Mahmood
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	30 June 2021	30 June 2020
		(Rupees'000)	
Loss for the year		(395,892)	(1,744,014)
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss			
Remeasurement of defined benefit liability - gratuity	10.1.4	(27,643)	73,305
Surplus on revaluation of property, plant and equipment		-	1,712,290
Related tax		8,016	(21,258)
Other comprehensive income for the year - net of tax		(19,627)	1,764,337
Total comprehensive income for the year		(415,519)	20,323

The annexed notes 1 to 52 form an integral part of these unconsolidated financial statements.

M.A. Bawany	Shakir Abu Bakar	Tahir Mahmood
Director	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	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 2019	325,242	269,424	27,530,740	1,600,000	5,179,566	34,904,972
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(1,744,014)	(1,744,014)
Other comprehensive income for the year	-	-	1,712,290	-	52,047	1,764,337
Total comprehensive income for the year	-	-	1,712,290	-	(1,691,967)	20,323
Transfer on disposal	-	-	-	-	-	-
Balance at 30 June 2020	325,242	269,424	29,243,030	1,600,000	3,487,599	34,925,295
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

The annexed notes 1 to 52 form an integral part of these unconsolidated financial statements.

M.A. Bawany
Director

Shakir Abu Bakar
Director

Tahir Mahmood
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	30 June 2021	30 June 2020
		(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	40	1,602,612	1,085,729
Working capital changes			
(Increase) / decrease in current assets			
Inventories		(67,819)	23,518
Trade debts		(87,088)	230,899
Contract assets		(19,285)	26,174
Advances		27,807	57,336
Trade deposits and prepayments		27,355	9,537
Other receivables		17,968	(46,587)
(Decrease) / increase in liabilities			
Trade and other payables		(394,372)	624,955
Contract liabilities		108,448	3,990
Non-current liabilities		18,801	-
Cash (used in) / generated from operations		(368,185)	929,822
Staff retirement benefit - gratuity paid		(74,802)	(29,785)
Compensated leave absences paid		(42,281)	(21,975)
Income tax paid	28	(143,870)	(138,648)
Finance cost paid		(484,545)	(1,948,241)
Net cash generated / (used in) operating activities		488,929	(123,098)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(779,658)	(1,564,897)
Advance for capital expenditure		(943)	(245,011)
Proceeds from disposal of property, plant and equipment	15.1.9	52,209	594,816
Procurement of intangible asset		(49,150)	-
Advances against equity to subsidiaries		-	(94,500)
Equity refunded from subsidiary		87,000	94,500
Short term advance		-	515,000
Short term investments		-	444,000
Advance against non-current asset held for sale		-	12,000
Proceed against non-current asset held for sale		645,939	-
Dividend income received		52,811	41,464
Receipts of return on bank deposits and short term investments		53,476	121,930
Long term deposits and prepayments		5,476	1,427
Net cash generated/ (used in) investing activities		67,160	(79,271)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		(393,103)	(1,472,222)
Proceeds from long-term financing		29,136	377,589
Lease liabilities paid	41.1	(99,908)	(78,235)
Loan from director		-	370,000
Repayment of loan to director		(150,000)	(220,000)
Transaction cost paid		(8,200)	-
Net cash used in financing activities		(622,075)	(1,022,868)
Net decrease in cash and cash equivalents		(65,986)	(1,225,237)
Cash and cash equivalents at beginning of the year		(2,228,578)	(1,003,341)
Cash and cash equivalents at end of the year	41	(2,294,564)	(2,228,578)

The annexed notes 1 to 52 form an integral part of these unconsolidated financial statements.

M.A. Bawany	Shakir Abu Bakar	Tahir Mahmood
Director	Director	Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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
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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.

The Company has incurred a net loss after tax of Rs. 395.89 million during the year ended 30 June 2021 and, as at that date, current liabilities exceeded current assets (excluding non-current assets held for sale) by Rs. 5,178 million. The Company's operations were affected due to lock down measures taken by the Government of Pakistan in response to COVID-19 outbreak (refer note 50) which resulted in closing down of the hotel properties for the period from March 2020 to August 2020.

Management expects the situation to improve in subsequent period and is confident that operating cash flows will be adequate to fulfill obligations when due. The Company has successfully negotiated with banks for rescheduling of loans and accrued interest payments which will have a positive impact on the Company's liquidity. Further, the lockdown restrictions have been relaxed, and the Company's hotel properties have resumed operations and management expects that room occupancy and sales at its hotels will improve further.

Management acknowledges that material uncertainty remains over the Company's ability to meet its funding requirements. However, as described above, management has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. If for any reason the Company is unable to continue as going concern, then this could have an impact on the Company's ability to realize 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).

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 3.2 & 17 – Intangible asset
- Note 3.4 & 18 - fair value of investment property
- Note 3.6 & 23 - provision for slow moving inventories

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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- 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 3.5.2, 19 and 26 – accounting for investments in associates
- Note 3.3 & 9 – leases: present value measurement of lease liabilities, determining lease term and whether a contract is or contains a lease and depreciation of right of use assets
- Note 2.3 – going concern basis of accounting
- Note 27 – non-current assets held for sale – clarification and determining the fair value less cost to sell
- Note 3.16 & 30 – revenue recognition

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).

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.

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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.

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 Prorata 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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:

- 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.

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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.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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.

(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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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.

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.

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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.

For recognition of impairment on financial assets due from the Government of Pakistan entities, the Company assesses, at each reporting date, whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

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 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.

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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.

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.

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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 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.

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.

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3.16 Revenue recognition

The Company generates revenue from room rentals, food and beverages sales, 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.

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 revenu	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

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 performs its performance obligation under the contract.

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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.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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.

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.

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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 01 July 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

  The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.
  Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
  - there is no substantive change to the other terms and conditions of the lease.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. 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.

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- 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.

- 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. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments 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. 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 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 company's financial statements.

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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) – The amendments 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 a company 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, 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) – The amendments 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 recognise 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 recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised 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 has not yet determined the impact.

3.27 **Change in significant accounting policy**

Following new standards, amendments or interpretations became effective from 01 July 2020, but they do not have a material effect on the Company's financial statements:

Effective date	New standards or amendments
1 January 2020	Amendments to references to Conceptual Framework in IFRS Standards
1 January 2020	Definition of Material (Amendments to IAS 1 and IAS 8)
1 January 2020	Definition of a business (Amendments to IFRS 3)
1 January 2020	Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
1 June 2020	COVID-19 – Related rent concessions (Amendment to IFRS 16)

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4 SHARE CAPITAL

4.1 **Authorised share capital**

Authorized share capital is 200,000,000 (2020: 200,000,000) ordinary share of Rs. 10 each.

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

2021	2020		2021	2020
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 (2020: 10,540,416) and 580,733 (2020: 585,270) 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.

5 CAPITAL RESERVES	Note	2021	2020
		(Rupees'000)	
Share premium	5.1	269,424	269,424

5.1 Capital reserve represents share premium as and when received.

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		Note	2021	2020
			(Rupees'000)	
6	REVENUE RESERVES			
	General reserve		1,600,000	1,600,000
	Unappropriated profits		3,210,061	3,487,599
			4,810,061	5,087,599
7	REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT			
	Balance at 01 July		29,243,030	27,530,740
	Surplus on revaluation		-	1,712,290
	Transferred to revenue reserves		(137,981)	-
	Balance at 30 June		29,105,049	29,243,030
8	LOANS AND BORROWINGS - Secured			
a.	Non current potion			
	Term Finance Loan - 1	8.1	539,515	552,500
	Term Finance Loan - 2	8.2	1,679,577	1,720,000
	Term Finance Loan - 3	8.3	1,932,879	2,000,000
	Term Finance Loan - 4	8.4	1,984,476	2,000,000
	Term Finance Loan - 5	8.5	284,040	347,441
	Sukuk	8.6	6,455,742	6,611,111
	Transaction cost		(28,056)	(33,262)
			12,848,173	13,197,790
	Current portion of loans		(2,334,690)	(3,872,175)
			10,513,483	9,325,615
	Markup accrued - non-current		824,764	-
			11,338,247	9,325,615
b.	Current portion			
	Current portion of loans		2,334,690	3,872,175
	Markup accrued		722,624	653,695
			3,057,314	4,525,870

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% (2020: 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 (2020: 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 (2020: Rs. 734 million). During the year, these loans have been restructured and rescheduled and the outstanding balance is repayable in seven years (including grace period of two years) with repayments in twenty equal quarterly installments of Rs. 11.37 million and Rs. 16.25 million each against respective loans commencing from July 2022. The outstanding markup amounting Rs. 36.91 million and Rs. 25.84 million is deferred and repayable in eight equal quarterly installments starting April 2022. The Company has made a prepayment amounting to Rs. 12.9 million against principal instalment of these loans during the year.

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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% (2020 :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 (2020: Rs. 1,200 million) and Rs. 1,667 million (2020: Rs. 1,667 million) respectively. During the year, the loan facility has been restructured and rescheduled and the outstanding balance is repayable in seven years (including grace period of two years) with repayments in twenty equal quarterly installments of Rs. 86 million commencing from July 2022. The outstanding markup amounting Rs. 184.44 million is deferred and repayable in eight equal quarterly installments starting April 2022. The Company has made a prepayment amounting to Rs. 40.4 million against principal instalment of these loans during the year.

8.3 This represents outstanding balance of term finance loan of Rs. 3,000 million carrying markup of 3-month KIBOR plus 0.75% (2020: 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 (2020: Rs. 4,000 million). During the year, the loan facility has been restructured and rescheduled and the outstanding balance is repayable in twelve equal quarterly instalments of Rs. 166.66 million commencing from March 2022. The outstanding markup amounting Rs. 219.9 million as at 30 June 2021 is deferred and repayable in 14 equal quarterly installments starting September 2021. The Company has made a prepayment amounting to Rs. 67.1 million against principal instalment of this loans during the year. As per restructured terms, Pearl Continental Hotel, Multan property is mortgaged with the bank as additional security by registering fresh equitable mortgage charge with the Securities and Exchange Commission of Pakistan up to the value of property not less than Rs. 4 billion and personal guarantees of major shareholders to be 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.

In view of the lender's right to initiate debt property swap in respect of Pearl Continental Hotel, Multan during the next twelve months from the reporting date and that the Company does not expect the sale of properties other than the property already included as held for sale to materialise by the respective due date, 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-annual (2020: 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. During the year, the loan facility has been restructured and rescheduled and the outstanding balance is repayable in ten equal quarterly instalments of Rs. 198.45 million commencing from May 2022. The Company has made a prepayment amounting to Rs. 15.52 million against principal instalment of this loans during the year. The outstanding markup amounting Rs. 226.83 million is deferred and repayable in four equal semi-annual installments starting May 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 (2020: 3% per annum) payable quarterly and is secured against first pari passu ranking charge over fixed assets

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including land and building of Pearl Continental Hotel, Karachi subject to subsequent perfection to the extent of Rs. 598 million (2020: 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.

	2021	2020
	(Rupees'000)	
Opening balance - deferred grant	30,148	-
Loan proceeds	29,136	377,589
Fair value of the loan proceeds	(26,810)	(347,441)
	2,326	30,148
Amortization during the year	(11,470)	-
	21,004	30,148

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 6-month KIBOR plus 1% (2020: 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. During the year, the loan facility has been restructured and rescheduled and the outstanding balance will be redeemed in twenty equal quarterly instalments of Rs. 322.78 million carries profit of 3-month KIBOR plus 1% commencing from September 2022. The Company has made early redemption amounting to Rs. 155.36 million during the year. The outstanding profit amounting Rs. 916.27 also is deferred and payable in eight equal quarterly installments starting September 2021. As per restructured terms, sponsor of the Company guaranteed to lenders and also gave an option to the majority Sukuk holders to seek prospective buyer, negotiate and finalise the term of sale. Where the Company is liable to sale certain of its assets (as refer in note 8.3) by 30 June 2022. Further, proceed shall be used to repay the loan.

8.7 Under the terms of financing agreements restructured during the year, 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.

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		Note	2021	2020
			(Rupees'000)	
9	LEASE LIABILITIES			
	Lease liabilities - Vehicles	9.1	64,403	94,218
	Lease liabilities - Land and rental spaces		154,125	221,264
		9.2	218,528	315,482
	Current portion		89,241	104,785
	Non current portion		129,287	210,697

9.1 This represents outstanding balance of diminishing musharaka facility from an Islamic financial institution and carries markup of 3-month KIBOR plus 1% (2020: 3-month KIBOR plus 1%) per annum payable monthly . The facility is secured by way of ownership of leased assets.

		2021	2020
		(Rupees'000)	
9.2	**Maturity of Lease liabilities is follows**		
	Not later than one year	98,064	112,840
	Later than one year and not later than five years	91,249	188,724
	Later than five year	436,561	422,487
		625,874	724,051
	Imputed interest	(407,346)	(408,569)
		218,528	315,482
9.3	**Movement of lease liabilities is as follows:**		
	Balance as at 01 July	315,482	35,446
	Amount recognized on transition date	-	342,254
	Interest expense	24,097	31,050
	Additions	5,038	73,396
	Payments	(124,005)	(109,285)
	Lease modification	(2,084)	(57,379)
		218,528	315,482

9.4 The Company has recognised lease rentals in the statement of profit or loss amounting to Rs. 6.938 million (2020: Rs. 45.798 million) relating to short term leases.

		Note	2021	2020
			(Rupees'000)	
10	EMPLOYEE BENEFITS			
	Net defined benefit liability - gratuity	10.1.1	582,131	590,327
	Net defined benefit liability - compensated leave absences	10.2.1	102,610	108,135
			684,741	698,462

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	2021	2020
10.1.1	**Movement in net defined liability - gratuity**		(Rupees'000)	
	Present value of defined benefit obligation		590,326	587,721
	Included in profit or loss	10.1.3	82,593	120,330
	Benefits paid		(55,133)	(24,664)
	Benefits due but not paid		(63,298)	(19,755)
	Included in other comprehensive income	10.1.4	27,643	(73,305)
	Balance at 30 June		582,131	590,327
10.1.2	**Reconciliation of liability recognised in the statement of financial position**			
	Present value of defined benefit liability		582,131	590,327
	Net defined benefit liability		582,131	590,327
10.1.3	**Included in profit or loss**			
	Current service cost		37,449	39,744
	Interest cost		45,144	80,586
			82,593	120,330
10.1.3.1	**Expense is recognized in the following line items in profit or loss**			
	Cost of sales and services		54,146	49,487
	Administrative expenses		28,447	70,843
			82,593	120,330
10.1.4	**Included in other comprehensive income**			
	Actuarial loss from changes in financial assumptions		802	(3,012)
	Experience adjustments on defined benefit liability		26,841	(70,293)
			27,643	(73,305)

10.1.5 Key actuarial assumption

The latest actuarial valuation was carried out on 30 June 2021 using projected unit credit method with the following assumptions:

	Note	2021	2020
Discount rate		8.50%	14.25%
Expected increase in eligible salary		N/A	N/A
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

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

	2021		2020	
	Increase	Decrease	Increase	Decrease
	(Rupees'000)		(Rupees'000)	
Discount rate	548,231	619,415	556,425	627,774
Salary increase rate	619,618	547,422	627,968	555,516

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. 97.38 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	2021	2020
	(Rupees'000)	
FY 2021	-	67,786
FY 2022	31,881	47,242
FY 2023	49,283	50,530
FY 2024	61,994	59,394
FY 2025	81,588	78,716
FY 2026	70,126	70,550
FY 2027	94,202	87,440
FY 2028	89,019	77,046
FY 2029	190,571	118,739
FY 2030	139,014	130,772
FY 2031	156,536	-
FY 2032/31 onwards	1,137,038	1,000,953

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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10.2 Net defined benefit liability - compensated leave absences

10.2.1 Movement in defined benefit liability compensated leave absences

	Note	2021	2020
		(Rupees'000)	
Present value of defined benefit obligation		108,135	180,617
Included in profit or loss	10.2.3	26,360	(33,685)
Benefits paid		(24,433)	(20,562)
Benefits due but not paid		(7,452)	(18,235)
Balance at 30 June		102,610	108,135

10.2.2 Reconciliation of liability recognised in the statement of financial position

	2021	2020
Present value of defined benefit liability	102,610	108,135
Net defined benefit liability	102,610	108,135

10.2.3 Included in profit or loss

	2021	2020
Current service cost	27,132	29,080
Interest cost	7,836	22,974
Experience adjustments on defined benefit liability	(8,608)	(85,739)
	26,360	(33,685)

10.2.3.1 Expense is recognized in the following line items in profit or loss

	2021	2020
Cost of sales and services	11,793	(13,853)
Administrative expenses	14,567	(19,832)
	26,360	(33,685)

10.2.4 Actuarial assumption

	Note	2021	2020
Discount rate		8.50%	14.25%
Expected increase in eligible salary		N/A	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:

	2021		2020	
	Increase	Decrease	Increase	Decrease
	(Rupees'000)		(Rupees'000)	
Discount rate	95,302	110,934	99,759	117,736
Salary increase rate	110,670	95,408	117,436	99,876

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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	2021	2020
		(Rupees'000)	
Running finance facilities - from banking companies- secured	11.1	2,578,000	2,587,186
Short term loan - unsecured	11.3	-	150,000
Markup accrued		34,631	70,098
		2,612,631	2,807,284

11.1 These facilities are obtained from various commercial banks with an aggregate limit of Rs. 2,630 million (2020: 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 Company. These facilities carry markup rates ranging from 1-month KIBOR to 3-month KIBOR plus 0.6% to 1.5% (2020: 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. 52 million (2020: Rs. 42.80 million) at the year end.

11.3 This represent short term loan from director for utilization of working capital requirement, and during the year the loan has been repaid.

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12	TRADE AND OTHER PAYABLES	Note	2021	2020
			(Rupees'000)	
	Creditors		886,185	945,491
	Accrued liabilities		490,551	648,345
	Shop deposits	12.1	49,743	54,026
	Retention money		141,683	223,478
	Due to related parties - unsecured		36,020	45,455
	Sales tax payable		117,915	75,576
	Income tax deducted at source		3,497	1,409
	Un earned income		52,605	49,900
	Other liabilities	12.2	266,952	171,166
			2,045,151	2,214,846

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. 63.91 million (2020: Rs. 20.59 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 38.2.

14.1.2	Guarantees	Note	2021	2020
			(Rupees'000)	
	Guarantees issued by banks on behalf of the Company.		310,342	307,816
14.2	Commitments			
	Commitments for capital expenditure		3,789,933	2,684,376

15	PROPERTY, PLANT AND EQUIPMENT	Note	2021	2020
	Operating fixed assets	15.1	36,036,481	37,059,317
	Capital work in progress	15.2	3,679,837	6,679,529
			39,716,318	43,738,846

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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	Air craft	Land and rental spaces	Vehicles	Total
	Rupees'000											
Cost / Revalued amounts												
Balance at 01 July 2019	13,674,308	13,538,790	2,508,159	2,231,234	4,570,431	3,595,184	761,238	207,822	783,286	360,222	80,254	42,310,928
Additions	-	-	-	-	293,576	30,738	13,513	2,322	-	-	97,994	438,143
Disposals	-	-	-	-	(18,045)	-	(2,966)	(14,769)	(783,286)	(51,638)	(3,951)	(874,655)
Lease termination	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from CWIP	-	-	89,391	162,950	151,601	260,346	14,033	-	-	-	-	678,321
Revaluation surplus	478,170	1,234,120	-	-	-	-	-	-	-	-	-	1,712,290
Asset classified as held for sale	(160,000)	-	-	-	-	-	-	-	-	-	-	(160,000)
Balance at 30 June 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
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 (refer note 15.2)	-	-	153,997	112,602	260,238	148,308	16,824	-	-	-	-	691,969
Revaluation surplus	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to non-current asset 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
Accumulated depreciation												
Balance at 01 July 2019	-	-	710,261	850,445	2,648,945	1,364,087	398,490	64,582	45,953	-	19,444	6,102,207
Depreciation	-	-	89,160	70,472	305,150	326,725	97,553	19,206	34,465	91,268	11,372	1,045,371
Disposals	-	-	-	-	(16,691)	-	(1,287)	(2,752)	(80,418)	-	(720)	(101,868)
Lease termination	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to non-current asset held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2020	-	-	799,421	920,917	2,937,404	1,690,812	494,756	81,036	-	91,268	30,096	7,045,710
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 (refer note 15.1.6)	-	-	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
Carrying amount - 30 June 2020	13,992,478	14,772,910	1,798,129	1,473,267	2,060,159	2,195,456	291,062	114,339	-	217,316	144,201	37,059,317
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
Rates of depreciation per month/useful life (2021 and 2020)	-	-	5%	5%	15%	15%	30%	15%	-	1.5 - 40 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 2020 by an independent valuer, based on market value basis method. 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. 252.67 million (2020: Rs. 766.26 million).

15.1.4 The forced sale value of the revalued land has been assessed at Rs. 22,652 million (2020: Rs. 23,019 million).

15.1.5 Particulars of 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	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	Land and building	74,440
Lahore	Shahi Muhallah, Fort Road	Land and building	1,132
Lahore	Defence Housing Authority (refer note 15.1.8)	Building	
Rawalpindi	Property No.253, Survey No. 559, The Mall Road	Land and building	26,668
Peshawar	Survey No.32-B, Khyber Road, Peshawar Cantt	Land and building	25,167
Multan	Askari By-Pass Road, Mouza Abdul Fateh (refer note 27.3)	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	Building	-
Muzaffarabad	Upper Chattar, Muzaffarabad.	Building	-
Mirpur	Village Barban Tehsil & District, Mirpur (AJK)	Under construction building	-

15.1.6 Depreciation charge has been allocated as follows:	Note	2021	2020
		(Rupees'000)	
Cost of sales and services	32	**821,924**	858,693
Administrative expenses	34	**173,561**	186,678
		995,485	1,045,371

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 Company has decided to dispose of this property at market competitive price. The cost of this property was Rs. 1,539.34 million and current market value is Rs. 3,541.87 million. This property is classified as non-current asset held for sale, refer note - 27.

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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 cost of this building was Rs. 120.08 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)						
Right of use asset excluding land and rental spaces							
Vehicle	933	899	2,151	1,252	Company policy	Faisal Naeem Khan	Employee
Vehicle	1,182	1,138	1,889	751	Company policy	Mansoor Akbar Ali	-
Vehicle	1,003	966	2,131	1,165	Company policy	Abbas Khan	Employee
Vehicle	999	962	2,131	1,169	Company policy	Syed Sharafat Hussain	Employee
Vehicle	1,003	966	2,084	1,118	Company policy	Dawood Sadiq	Employee
Vehicle	999	975	2,093	1,118	Company policy	Kamran Babar	Employee
Vehicle	1,003	978	2,086	1,108	Company policy	Bakht Zada	Employee
Vehicle	624	609	2,200	1,591	Company policy	Ghulam Yasin	Employee
Vehicle	745	727	1,900	1,173	Company policy	Tanveer Abbas	Employee
Vehicle	795	776	2,030	1,254	Company policy	Tahir Iqbal	Employee
Vehicle	999	975	2,118	1,143	Company policy	Muhammad Azeem	Employee
Vehicle	1,003	991	2,133	1,142	Company policy	Muhammad Amir	Employee
Vehicle	1,003	954	2,330	1,376	Auction	Augmentech Business	-
Vehicle	839	798	2,205	1,407	Auction	Augmentech Business	-
Vehicle	1,003	954	2,327	1,373	Auction	Augmentech Business	-
Vehicle	825	784	1,817	1,033	Auction	Augmentech Business	-
Vehicle	1,617	1,519	3,689	2,170	Negotiaion	M.A. Engineering Pvt. Ltd.	-
Vehicle	599	548	1,444	896	Company policy	Shujah Jadoon	Employee
Vehicle	2,523	2,253	-	(2,253)	Insurance	TPL Insurance Co. Ltd.	-
Vehicle	1,174	1,116	2,111	995	Auction	Muhammad Jaffer	-
Aggregate of other items with individual book values not exceeding Rs. 500,000	1,002	960	2,991	2,031			
	21,877	20,848	43,858	23,010			
Operating fixed assets							
Vehicle	1,050	513	519	6	Company policy	Shafqat Hussain	Employee
Aggregate of other items with individual book values not exceeding Rs. 500,000	7,241	2,290	7,832	5,542			
	8,291	2,803	8,351	5,548			
2021	**30,168**	**23,651**	**52,209**	**28,558**			
2020	823,018	721,149	594,816	(126,333)			

15.2 Capital work in progress	Note	2021	2020
		(Rupees'000)	
Balance at 01 July		**6,679,529**	4,613,594
Additions during the year		**1,045,220**	2,918,818
Transfers to operating fixed assets		**(691,969)**	(678,321)
Transfers to non-current asset held for sale	27.3	**(3,258,553)**	-
Written down adjustment	15.2.2	**(94,390)**	(174,562)
Balance at 30 June		**3,679,837**	6,679,529

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		Note	2021	2020
			(Rupees'000)	
15.2.1	Construction of Pearl Continental Hotel Mirpur		3,574,120	3,371,377
	Other civil works		105,717	311,930
	Construction of Pearl Continental Hotel Multan		3,258,553	2,996,222
	less: transfers to non-current assets held for sale	27.3	(3,258,553)	-
		15.2.3	3,679,837	6,679,529

15.2.2 This represents write down of construction work pertaining to expansion of Pearl Continental Hotel Peshawar amounting to Rs. 94.39 million which was under suspension since long due to dispute with the Military Estate Office. The comparative amount of Rs. 174.56 million represents the loss incurred in previous year on construction work of Pearl Continental Hotel Mirpur due to earthquake damaged.

15.2.3 This also includes capitalized borrowing cost amounting to Rs. 1,214.45 million (2020: Rs. 1,084.85 million). During the year, borrowing cost amounting to Rs. 129.60 million (2020: Rs. 561.19 million) is capitalized at the rate of 8.18% (2020: 14.18%) per annum.

16	ADVANCE FOR CAPITAL EXPENDITURE	Note	2021	2020
			(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	16.3	(40,000)	-
			1,008,476	1,048,476
	Advance for purchase of apartment		40,509	40,509
	Impairment loss		(40,509)	(40,509)
			-	-
	Advance for purchase of fixed assets		11,087	95,782
	Advances for Pearl Continental Multan Project		74,906	92,145
	Transferred to non-current assets held for sale	27.3	(74,906)	-
	Advances for Pearl Continental Mirpur Project		85,049	101,767
			96,136	289,694
			1,104,612	1,338,170

16.1 This includes amount of Rs. 626.82 million (2020: 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. During the previous year, 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 to seek their approvals in terms of section 199 of the Companies Act, 2017. The directors of the Company has filed an appeal with the SECP which is pending. Management believes that the matter has no impact on the Company's financial statements.

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.

16.3 This represents advance amount paid for purchase of land situated at Kuri Road, Islamabad, the vendor failed to get the land transferred in the name of the Company within stipulated time, and the Company is pursuing of recovery of this amount, which is not envisaged in foreseeable future, therefore, impairment loss of Rs. 40 million (2020: Nil) has been recognized against this advance.

17 INTANGIBLE ASSET	Note	2021	2020
		(Rupees'000)	
Software		75,585	-
Cost			
Opening balance		-	-
Additions	17.1	107,978	-
Closing balance		107,978	-
Accumulated amortisation			
Opening balance		-	-
Amortisation charge		32,393	-
Closing balance		32,393	-
Net book value			
Cost		107,978	-
Accumulated amortisation		(32,393)	-
Closing balance		75,585	-
Amortization rate per annum		30%	-

17.1 This represents the computer software acquired during the year. The purchase consideration is payable in monthly installments over a period of two years and the outstanding liability of Rs. 58.83 million (2020: Nil) is included in the trade and other payables.

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		Note	2021	2020
18	INVESTMENT PROPERTY		(Rupees'000)	
18.1	**Reconciliation of carrying amount**			
	Balance at 01 July		65,000	60,000
	Increase in fair value	18.2	5,000	5,000
	Balance at 30 June		70,000	65,000

18.1.1 This represents piece of land, located at Gwadar, owned by the Company held for capital appreciation. On 30 June 2021 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	59,500

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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	Country of incorporation / Jurisdiction	Amount in Foreign Currency	Percentage of holding	Note	2021	2020
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 (2020: 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 2021 was Rs. 25.21 (2020: Rs. 24.75).

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 (2020: 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 2021 was Rs. 13.34 (2020: Rs. 12.40).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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 (2020: 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 2021 was Rs. 9.85 (2020: Rs. 9.89). 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 (2020: 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 2021 was Rs. 9.86 (2020: Rs. 9.86). Also refer note 20.

19.5 **Hashoo Group Limited**

The Company holds 98,000 (2020: 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.	23 rd Floor, MMG Tower, City of Panama, the Republic of Panama

19.6 **Hotel One (Private) Limited**

The Company holds 500,000 (2020: 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 (2020: 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. 2,371.57 million (2020: Rs. 2,458.57 million) and Rs. 954 million (2020: 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	2021 (Rupees'000)	2020 (Rupees'000)
Long term deposits	21.1	**28,181**	33,657
		28,181	33,657

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

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22 DEFERRED TAX LIABILTIES / (ASSETS) - NET

	Net balance at 01 July 2020	Recognized in Profit or loss (Note 38)	Recognized in Other comprehensive income	Net balance 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)

	Net balance at 01 July 2019	Recognized in Profit or loss (Note 38)	Recognized in Other comprehensive income	Net balance 2020
2020	(Rupees'000)			
Taxable temporary differences	768,946	133,928	-	902,874
Accelerated depreciation for tax purposes				
Deductible temporary differences				
Long term investments	(35,647)	-	-	(35,647)
Net defined benefit liability - gratuity	(177,808)	(16,575)	21,258	(173,125)
Provision for obsolescence - stores	(476)	(100)	-	(576)
Impairment loss on trade debts	(105,657)	(10,633)	-	(116,290)
Short term investments	(1,740)	-	-	(1,740)
Leased liabilities	(17,634)	(74,079)	-	(91,713)
Unadjusted depriciation losses	-	(244,318)	-	(244,318)
	(338,962)	(345,705)	21,258	(663,409)
	429,984	(211,777)	21,258	239,465

23 INVENTORIES

	Note	2021	2020
		(Rupees'000)	
Stores		204,280	135,345
Spare parts and loose tools		62,980	87,831
Stock in trade - food and beverages	32	92,327	68,592
		359,587	291,768
Provision for obsolescence	23.1	(3,781)	(2,056)
		355,806	289,712

23.1 This represents expense for the year amounting to Rs.1.725 million (2020: Rs. 0.41 million) on account of provision for slow moving items.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

24 TRADE DEBTS -UNSECURED	Note	2021	2020
		(Rupees'000)	
Considered good			
Due from related parties	24.1	10,514	9,976
Others		394,459	185,516
		404,973	195,492
Considered doubtful		278,609	401,002
		683,582	596,494
Provision against doubtful debts at 01 July		(401,002)	(284,016)
Reversal of / (allowance for) impairment loss on trade debts		122,392	(116,986)
Balance at 30 June	24.2	(278,610)	(401,002)
		404,972	195,492

24.1 Due from related parties

	Maximum amount outstanding at the end of any month during the year 2021	2020	2021	2020
			(Rupees'000)	
Pearl Tours and Travels (Private) Limited	4,889	8,688	2,469	3,625
City Properties (Private) Limited	55	55	-	55
Hashwani Hotels Limited	3,175	14,955	569	557
Hashoo Foundation	247	164	167	164
Hashoo Hunar	441	-	306	-
Hotel One (Private) Limited	3,976	2,732	3,976	2,732
Hashoo Holdings (Private) Limited	206	206	206	206
Jubilee General Insurance Company Limited	59	68	59	25
Orient Petroleum Inc.	1,332	1,276	1,330	1,255
Pearl Ceramics (Private) Limited	-	204	-	204
Pearl Communications (Private) Limited	128	128	128	128
Pearl Real Estate Holdings (Private) Limited	265	272	182	265
Tejari Pakistan (Private) Limited	1,723	755	1,057	666
Zahdan Retail (Private) Limited	68	65	65	65
Karakorum Security Services (Private) Limited	29	54	-	29
			10,514	9,976

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

	2021	2020
Past due by 30 days	868	1,390
Past due by 31 to 90 days	2,239	1,957
Past due over 91 days	2,926	2,694
Past due over 1 year	4,481	3,935
	10,514	9,976

24.2 This includes provision of Rs. 5.12 million (2020: Rs. 2.55 million) against doubtful debts.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

25	ADVANCES, PREPAYMENTS, TRADE DEPOSITS AND OTHER RECEIVABLES	Note	2021	2020
			(Rupees'000)	
	Advance to employees	25.1	7,942	8,903
	Advance to suppliers and contractors		36,565	45,262
	Advance to related parties	25.2	10,265	28,414
	Trade deposits	25.3	15,143	14,349
	Prepayments	25.4	29,319	57,468
	Refundable sales tax		140,838	133,314
	Other receivables		58,153	83,645
			298,225	371,355

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	2021	2020
			(Rupees'000)	
	OPI Gas (Private) Limited		10,217	14,176
	Genesis Trading (Private) Limited		48	106
	Pearl Ceramics (Private) Limited		-	14,132
		25.2.1	10,265	28,414

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. 2.82 million (2020: Rs. 2.82 million) of related parties.

25.4 This includes amount of Rs. 4.38 million (2020: Rs. 6.60 million) of related parties.

26	SHORT TERM INVESTMENTS	Note	2021	2020
			(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 Receipt	26.1	565,523	565,523
	Term Finance Certificate (TFC)	26.2	75,000	75,000
	Interest accrued		7,050	10,571
			647,573	651,094
	Financial assets at fair value through profit or loss			
	Short term investments in shares of listed companies	26.3	640,914	622,722
			1,288,487	1,273,816

26.1 This represent term deposit receipts having maturity of three months to one year carrying interest rate ranging from 5.50% to 6.50% (2020: 7.50% to 9.50%) 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%.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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26.3 Short term investments in shares of listed companies

	2021	2020	2021	2020
	No. of ordinary shares of Rs. 10 each		(Rupees'000)	
Pakistan Telecommunication Company Limited	350,000	350,000	4,144	3,108
Lotte Chemical Pakistan Limited	150,000	150,000	2,316	1,493
Fauji Fertilizer Bin Qasim Limited	50,000	50,000	1,321	798
Jubilee General Insurance Company Limited -associated company (Note 26.3.1)	15,056,661	15,056,661	633,133	617,323
			640,914	622,722

26.3.1 Out of total shares held by the Company, 15,000,000 (2020: 13,500,000) 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	2021	2020
		(Rupees'000)	
Property	27.1	2,748,739	2,748,739
Land	27.2	-	160,000
Under construction Hotel Pearl Continental Multan	27.3	3,693,459	-
	27.4	6,442,198	2,908,739

27.1 The Board of Directors of the Company in their meeting held on 26 April 2019 decided to sell property (land and building) bearing Survey No. 8, New Survey Sheet CI-11 situated at Civil Line Quarters Abdullah Haroon Road, Karachi. The transaction could not be materialized due to disturbed economic environment in current pandemic Covid-19 scenario, however, management expects the disposal of this property within the next financial year.

27.2 This represents piece of land measuring 20 Acres bearing plot no. HR-WE-1, Lane no. CV-1, street no. AB, phase-IV, mauza / ward, koh-e-batil, tehsil & district Gwadar, Balochistan.The sale of this land has been completed during the year.

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 during the next twelve months from the reporting date at an agreed value of Rs. 4 billion 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 included in capital work in progress amounting to Rs. 3,258.55 million along with advance of Rs. 74.91 million and land of Rs. 360 million has been classified as non-current assets held for sale since the Company expects that the advance will be converted into cost at the time of debt property swap.

27.4 Movement in non-current assets held for sale during year is as follows:

	Note	2021	2020
		(Rupees'000)	
Opening balance		2,908,739	2,748,739
Transfer from operating fixed assets	27.4.1	455,113	160,000
Transfer from operating fixed assets	27.3	360,000	-
Transfer from capital work in progress	27.3	3,258,553	-
Transfer from advances for capital expenditure	27.3	74,906	-
		4,148,572	160,000
Disposals		(615,113)	-
		6,442,198	2,908,739

27.4.1 This represents commercial property (Hotel One, the Mall, Lahore) bearing No.S-19R-136/I having book value of Rs. 455.113 million, for which during the year the Board of Directors approved the disposal, and sale was completed during the year.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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27.5 Detail of disposal:

Description	Cost / revalue amount	Carrying value	Net - proceeds	Gain	Mode of disposal	Purchaser	Relationship with purchaser
	(Rupees'000)						
Land	160,000	160,000	161,136	1,136	Negotiaion	Various	-
Land	430,000	430,000	469,391	39,391	Negotiaion	Elahi Group of Companies	-
Building	42,303	21,745	23,737	1,992	Negotiaion	Elahi Group of Companies	-
Plant & Machinery	5,711	1,829	1,997	168	Negotiaion	Elahi Group of Companies	-
Furniture, Fixture & Equipment	3,892	1,421	1,550	129	Negotiaion	Elahi Group of Companies	
Aggregate of other items with individual book values not exceeding Rs. 500,000	641	118	129	11	Negotiaion	Elahi Group of Companies	-
Total - 2021	642,547	615,113	657,939	42,826			
Total - 2020	-	-	-	-			

28 ADVANCE INCOME TAX - NET

	Note	2021	2020
		(Rupees'000)	
Balance at 01 July		481,238	454,898
Income tax paid during the year		143,870	319,280
Charge for the year	38	(129,600)	(112,308)
Refund received during the year		-	(180,632)
Balance at 30 June		495,508	481,238

29 CASH AND BANK BALANCES

	Note	2021	2020
Cash in hand		30,483	26,749
Cash at bank			
Current accounts - Local currency		77,854	19,875
Deposit accounts - Local currency	29.1	174,054	309,855
- Foreign currency	29.2	1,045	2,129
		252,953	331,859
Accrued profit		286	594
		283,722	359,202

29.1 Deposit accounts carry interest rate ranging from 5.50% to 6.50% (2020: 6.50% to 11.30%) per annum.

29.2 Deposit accounts carry interest @ 0.25% (2020: 0.25%) per annum.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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		Note	2021	2020
30	REVENUE- NET		(Rupees'000)	
	Gross revenue	30.1	8,198,862	9,576,845
	Discounts		(171,352)	(130,905)
	Sales tax		(1,086,689)	(1,277,527)
			6,940,821	8,168,413

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.

	Note	2021	2020
Major products/service lines		(Rupees'000)	
Rooms		3,131,649	4,123,782
Food and beverages		4,257,147	4,822,914
Other related services	30.2	591,249	548,587
Fee revenue from franchise & management properties		174,729	38,695
Shop license fees		44,088	42,867
		8,198,862	9,576,845
Timing of revenue recognition			
Products / services transferred at a point in time		6,607,798	7,824,432
Services transferred over time		333,023	343,981

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

30.3 Revenue amounting to Rs. 238.41 million (2020: Rs. 183.27 million) has been recognized from contract liabilities at the beginning of the year.

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

		Note	2021	2020
31	CONTRACT BALANCES		(Rupees'000)	
	Contract assets	31.1	22,863	3,578
	Contract liabilities	31.2	512,381	403,933

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, or when the amount is due from the customer. These contract liabilities mainly relates to the advances received against banquets functions, room sales and membership fee.

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32 COST OF SALES AND SERVICES	Note	2021	2020
		(Rupees'000)	
Food and beverages			
Opening balance		68,592	86,229
Purchases during the year		1,417,101	1,277,944
Closing balance	23	(92,327)	(68,592)
Consumption during the year		1,393,366	1,295,581
Direct expenses			
Salaries, wages and benefits	32.1	1,045,290	1,581,172
Heat, light and power		689,170	812,123
Repair and maintenance		247,132	324,600
Depreciation	15.1.6	821,924	858,693
Amortization		29,154	-
Guest supplies		178,527	184,241
Linen, china and glassware		66,184	68,858
Communication		6,642	8,776
Laundry and dry cleaning		48,962	40,349
Banquet and decoration		32,597	47,354
Transportation		23,061	47,779
Uniforms		10,702	11,607
Music and entertainment		10,895	16,780
Franchise fee	32.2	13,174	19,682
Others	32.3	127,816	121,303
		4,744,596	5,438,898

32.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 86.14 million (2020: Rs. 64.19 million).

32.2 This includes franchise fee of Rs. 8.37 million (2020: Rs.12.78 million) paid to a franchisor, DOTW Holdings Limited, having its office at Satha tower, level 32, suite 3210-3212, Dubai Media City, Dubai, and Rs. 4.80 million (2020: Rs. 6.91 million) to an associated Company Hotel One (Private) Limited, having its registered office at 1st floor NESPAK House sector G-5/2 , Islamabad.

32.3 This also includes an amount of Rs. 113.39 million (2020: Rs. 80.63 million) relating to incremental costs of obtaining customer contracts.

33 OTHER INCOME	Note	2021	2020
		(Rupees'000)	
Concessions and commissions		1,405	3,583
Gain on disposal of property, plant and equipment		28,558	-
Gain on disposal of non-current assets held for sale	27.5	42,826	-
Liabilities written back		109,504	-
Increase in fair value of investments property		5,000	5,000
Communication towers and other rental income		67,581	65,803
Insurance claim		4,687	160,142
Others - net		72,692	70,215
		332,253	304,743

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34 ADMINISTRATIVE EXPENSES	Note	2021	2020
		(Rupees'000)	
Salaries, wages and benefits	34.1	842,815	1,240,857
Rent, rates and taxes	9.4	105,454	170,020
Security and protective services		210,438	271,631
Advertisement and sales promotion		92,120	76,854
Repair and maintenance		34,851	51,966
Heat, light and power		78,324	98,464
Travelling and conveyance		72,681	156,155
Depreciation	15.1.6	173,561	186,678
Amortization		3,239	-
Communications		14,650	19,024
Printing and stationery		27,982	35,198
Legal and professional charges		90,477	243,152
Insurance		95,697	131,326
Entertainment		8,310	13,158
Subscriptions		95,874	100,351
Laundry and dry cleaning		4,014	8,586
Uniforms		2,710	2,731
Auditors' remuneration	34.2	6,077	4,495
Vehicle rentals and registration charges	34.3	14,249	59,447
Miscellaneous		14,268	31,034
		1,987,791	2,901,127

34.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 66.05 million (2020 Rs. 81.13 million).

34.2 Auditors' remuneration	2021	2020
	(Rupees'000)	
Audit services		
Annual audit fee	3,387	2,480
Audit of consolidated financial statements	630	495
Half yearly review	805	520
	4,822	3,495
Non-audit services		
Special reports and certificates	950	800
Tax advisory	305	200
	1,255	1,000
	6,077	4,495

34.3 This includes Ijarah payments of Rs. 14.22 million (2020: Rs. 54.758 million) and vehicles registration charges 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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The maturity analysis of remaining Ijarah facility is as follows:

		2021	2020
		(Rupees'000)	
Within one year		9,581	14,483
After one year but not more than five years		7,916	18,047
		17,497	32,530

35 OTHER EXPENSE

		2021	2020
Write down adjustment - capital work in progress	15.2.2	94,394	174,562
Impairment loss on advance for purchase of land	16.3	40,000	-
Loss on disposal of property, plant and equipment		-	126,333
		134,394	300,895

36 FINANCE INCOME

		2021	2020
Interest income on			
Term Deposit Receipt		28,866	85,067
Term Finance Certificate		6,802	10,921
Bank deposits		13,979	26,284
Dividend income		52,811	41,464
Exchange gain		-	5,471
		102,458	169,207

37 FINANCE COST

		2021	2020
Interest expense on			
Loans and borrowing		342,407	639,115
Short term borrowings		194,180	293,353
Sukuk finance		471,940	673,991
Lease facilities		24,097	31,050
Amortization of transaction cost		13,406	18,946
Interest on deferred payment		104,641	-
Credit cards, bank and other charges		75,229	72,159
Exchange loss		677	-
		1,226,577	1,728,614

38 INCOME TAX EXPENSE

		2021	2020
Current tax expense			
- Current year		112,034	112,351
- Change in estimates related to prior year		17,566	(43)
		129,600	112,308
Deferred tax reversal	22	(310,951)	(211,777)
		(181,351)	(99,469)

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

	2021	2020
Accounting loss for the year	(577,243)	(1,843,483)
Tax charge @ 29% (2020: 29%)	(167,400)	(534,610)
Tax effect of minimum tax	112,034	105,970
Tax effect of permanent differences	(118,143)	338,435
Liabilities written back	(31,756)	-
Tax effect of income subject to lower taxation	7,393	(12,025)
Prior year's tax charge	17,566	(43)
Others	(1,044)	2,804
	(181,351)	(99,469)

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38.2 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 2020. 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 (2020: 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 inland revenue officer passed an order under section 122(5A) of the Income Tax Ordinance, 2001 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.

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iv. The Deputy Commissioner, Punjab Revenue Authority, Lahore 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 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.

39 LOSS PER SHARE

	2021	2020
Loss for the year (Rupees '000)	(395,892)	(1,744,014)
Weighted average number of ordinary shares (Numbers)	32,524,170	32,524,170
Loss per share - basic (Rupees)	(12.17)	(53.62)

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	2021	2020
		(Rupees'000)	
Loss before tax		(577,243)	(1,843,483)
Adjustments for:			
Depreciation	15.1.6	995,485	1,045,371
Amortization		32,393	-
Gain / (loss) on disposal of property, plant and equipment	33 & 35	(28,558)	126,333
Gain on disposal of held for sale asset		(42,826)	-
Provision for staff retirement benefit - gratuity	10.1.3	82,593	120,330
Provision / (Reversal) for compensated leave absences	10.2.3	26,360	(33,685)
Reversal of / (allowance for) impairment loss on trade debts		(122,392)	116,986
Other expenses	35	134,394	-
Unrealised gain on remeasurement of investment property	33	(5,000)	(5,000)
Return on bank deposits / certificate of investment	36	(49,647)	(122,272)
Finance cost	37	1,226,577	1,728,614
Dividend income	36	(52,811)	(41,464)
Unrealised gain on remeasurement of investments to fair value		(18,191)	(674)
Gain on lease modification		(247)	(5,741)
Provision on stores, spare parts and loose tools	23.1	1,725	414
		1,602,612	1,085,729

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41 CASH AND CASH EQUIVALENTS

	Note	2021	2020
		(Rupees'000)	
Cash and bank balances	29	283,722	359,202
Short term borrowings	11	(2,612,631)	(2,657,284)
Accrued markup on short term borrowings		34,631	70,098
Accrued profit on bank deposits		(286)	(594)
		(2,294,564)	(2,228,578)

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 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

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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 2019	14,683,679	35,446	9,242	1,528	14,729,895
Changes from financing activities					
Proceeds from loans	747,589	-	-	-	747,589
Repayment of loan	(1,692,222)	-	-	-	(1,692,222)
Repayment of lease laibility	-	(78,235)	-	-	(78,235)
	(944,633)	(78,235)	-	-	(1,022,868)
Other changes					
Amortization of transaction cost	18,946	-	-	-	18,946
Markup accrued	273,642	-	-	-	273,642
Diminishing Musharaka facility availed	-	358,271	-	-	358,271
	292,588	358,271	-	-	650,859
Balance at 30 June 2020	14,031,634	315,482	9,242	1,528	14,357,886

42 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2021			2020		
	Chief Executive Officer	**Directors**	**Executives**	Chief Executives Officer	Directors	Executives
			Rupees '000			
Managerial remuneration	**64,596**	**58,113**	**190,132**	63,000	58,796	444,920
Provident fund contribution	**3,999**	**847**	**7,460**	3,999	3,523	15,155
Provision for gratuity	**3,945**	**3,632**	**2,053**	3,945	3,671	4,513
Provision for compensated leave absences	**-**	**-**	**9,066**	-	-	17,481
Provision for bonus	**-**	**-**	**-**	-	1,876	-
Provision for leave fare assistance	**1,995**	**-**	**176**	2,000	1,241	-
Meeting fee	**30**	**390**	**-**	45	435	-
	74,565	***62,982**	**208,887**	72,989	*69,542	482,069
Number of persons	**1**	**2**	**64**	1	2	99

* This includes Rs. Nil (2020: Rs. 7.43 million) and meeting fee of Rs. 285,000 (2020: Rs. 285,000) 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. 74.78 million (2020: Rs. 111.88 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.

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:

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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	-
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	Mr. Tahir Mahmood - Chief Financial Officer	-
	Mr. Mansoor Khan - Company Secretary	-
Directors as Board of trustees	Hashoo Foundation	-
	Hashoo Hunar Associates	-
Significant influence of relative of Director	Nirvana, a partnership firm	-
	Genesis Trading (Private) Limited	
Significant influence	Karakoram Security Services (Private) Limited	-
Staff retirement fund	PSL Employees Provident Fund Trust	-

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	Note	2021	2020
		(Rupees'000)	
Transactions with wholly owned subsidiary companies			
Sales		1,822	3,010
Services provided		6,064	7,977
Services availed		44,189	76,575
Refund of short term advance		-	515,000
Advance against equity extended		-	94,500
Refund of advance against equity		87,000	94,500
Funds received / current account		80,000	-
Funds repaid / current account		80,000	-
Transactions with associated undertakings			
Sales		162	185
Services provided		6,157	8,699
Services availed		278,537	351,226
Purchases		88,598	116,950
Franchise fee - income		3,247	3,330
Franchise and management fee - expense		4,805	6,906
Dividend income		52,698	41,064
Purchase of assets		29,401	155
Sale of assets		-	44
Transactions with other related parties			
Sales		596	343
Services provided		15	241
Services availed		14,292	1,092
Purchases		5,738	1,522
Contribution to defined contribution plan - provident fund		43,239	58,680
Transactions with key management personnel			
Remuneration and allowances including staff retirement benefits	43.1	152,745	165,825
Loan from key management personnel		-	370,000
Refund of loan to key management personnel		150,000	220,000

43.1 **Compensation to key management personnel**

	2021	2020
Salaries and other benefits	136,647	143,487
Contribution to provident fund	5,607	8,443
Gratuity	7,577	7,616
Bonus	-	1,876
Meeting fee	420	480
Others	2,495	3,923
	152,745	165,825
Number of persons	5	5

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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 2021		Fair value through profit or loss	Amortized cost	amortized cost					
Financial assets measured at fair value									
Short term investments	26	640,914	-	-	640,914	640,914	-	-	640,914
Long term deposits	21	28,181	-	-	28,181	-	-	28,181	28,181
Short term deposits	25	15,143	-	-	15,143	-	-	15,143	15,143
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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	Note	Carrying amount				Fair value			
		Amount in Rs'000							
		Financial Assets		Financial	Total	Level 1	Level 2	Level 3	Total
30 June 2020		Fair value through profit or loss	Amortized cost	liabilities at amortized cost					
Financial assets measured at fair value									
Short term investment	26	622,722	-	-	622,722	622,722	-	-	622,722
Long term deposits	21	33,657	-	-	33,657	-	-	33,657	33,657
Short term deposits	25	14,349	-	-	14,349	-	-	14,349	14,349
		670,728	-	-	670,728	622,722	-	48,006	670,728
Financial assets not measured at fair value	44.2								
Trade debts	24	-	195,492	-	195,492	-	-	-	-
Contract assets	31	-	3,578	-	3,578	-	-	-	-
Advance to employees	25	-	8,903	-	8,903	-	-	-	-
Other receivables	25	-	83,645	-	83,645	-	-	-	-
Short term investments	26	-	640,523	-	640,523	-	-	-	-
Cash and bank balances	29	-	359,202	-	359,202	-	-	-	-
		-	1,291,343	-	1,291,343	-	-	-	-
Financial liabilities not measured at fair value	44.2								
Loans and borrowings	8	-	-	13,884,747	13,884,747	-	-	-	-
Other non-current liabilities		-	-	-	-	-	-	-	-
Short term borrowings	11	-	-	2,807,284	2,807,284	-	-	-	-
Lease liabilities		-	-	315,482	315,482	-	-	-	-
Trade and other payables	44.3	-	-	2,101,077	2,101,077	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	19,119,360	19,119,360	-	-	-	-

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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.

	2021	2020
	(Rupees '000)	
Expected credit (reversals) / losses on trade debts and contract assets arising from contract with customers	(122,392)	116,986

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.

	2021		2020	
	Trade debts	Contract assets	Trade debts	Contract assets
	(Rupees '000)		(Rupees '000)	
Pearl Continental Hotel				
- Karachi	**177,901**	**5,239**	**130,681**	**2,906**
- Lahore	**268,223**	**6,126**	212,632	654
- Rawalpindi	**50,824**	**1,381**	33,600	-
- Peshawar	**72,623**	**4,130**	38,279	18
- Bhurban	**44,524**	**4,129**	26,572	-
- Muzaffarabad	**14,668**	**1,858**	4,369	-
- Hotel One The Mall, Lahore	**10,194**	-	10,326	-
Destinations of the World- Pakistan	**44,625**	-	140,035	-
	683,582	**22,863**	596,494	3,578

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

	Note	2021	2020
		(Rupees'000)	
From related parties		**10,514**	9,976
From government institutions		**35,665**	25,517
From foreign embassies		**10,622**	2,429
Others		**649,644**	562,150
	24 & 31	**706,445**	600,072

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

	2021	2020
Customers with external credit rating of A1+ to A3	**22,261**	4,173
Customers without external credit rating	**661,321**	592,321
Total gross carrying amount	**683,582**	596,494
Allowance for expected credit losses	**(278,610)**	(401,002)
	404,972	195,492

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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	GDP	Unemployment rate	Consumer price index	Exchange rate
2021	3.80	11.00	9	157.40
2020	(0.90)	12.40	9.5	161.80
2019	1.10	9.9	9.4	150.00
2018	5.83	5.80	5.33	121.82

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 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	2,145	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	
30 June 2020				
Current	16.8%	41,409	6,953	No
0-30 days past due	32.1%	12,994	4,173	No
30-60 days past due	40.3%	7,214	2,905	No
60-90 days past due	70.3%	61,614	43,295	No
91-150 days past due	58.8%	155,895	91,668	No
151 days and above	78.5%	320,946	252,008	No
		600,072	401,002	

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.

	2021	2020
	(Rupees' 000)	
Balance at 01 July	401,002	284,016
Remeasurement of loss allowance	(122,392)	116,986
Balance as at 30 June	278,610	401,002

ii **Long term deposits**

The Company held long term deposits of Rs. 28.19 million as at 30 June 2021 (2020: Rs. 33.65 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

iii Trade deposit and other receivables

The Company held trade deposit and other receivables of Rs. 64.36 million as at 30 June 2021 (2020: Rs. 97.99 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. 640.52 million as at 30 June 2021 (2020: Rs. 640.52 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 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. 252.95 million as at 30 June 2021 (2020: Rs. 331.89 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 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 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 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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)			
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**
2020					
Loans and borrowings	8	13,884,747	17,147,030	5,762,077	11,384,953
Other non-current liabilities		-	-	-	-
Trade and other payables	44.3	2,101,077	2,101,077	2,101,077	-
Short term borrowings	11	2,807,284	2,807,284	2,807,284	-
Lease liabilities		315,482	724,051	112,840	611,211
Unclaimed dividend		9,242	9,242	9,242	-
Unpaid dividend		1,528	1,528	1,528	-
		19,119,360	22,790,212	10,794,048	11,996,164

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 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 2021

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:

	2021		2020	
	(Rupees'000)	USD' 000	(Rupees' 000)	USD' 000
Bank balance	1,045	6.64	2,129	12.63
Trade and other payable	58,828	373.75	-	-

The following significant exchange rate applied during the year:

	Average rates		Balance sheet date rate	
	2021	2020	2021	2020
PKR/ US Dollars	159.77	158.82	157.40	168.51

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.

	2021	2020
	(Rupees'000)	
Increase in 5% USD rate	(2,889)	106
Decrease in 5% USD rate	2,889	(106)

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 2021

Exposure to interest rate risk:

	2021	2020	2021	2020
	Effective interest rates %		(Rupees' 000)	
Variable rate instruments				
Financial assets	**0.25 to 6.50**	0.25 to 11.3	**175,099**	311,984
Variable rate instruments				
Financial liabilities	**KIBOR + 0.6 to 1.5**	KIBOR + 0.6 to 1.5	**(17,100,651)**	(16,636,249)
			(17,100,651)	(16,636,249)

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. 169.318. million (2020: Rs. 163.242 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

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. 6.41 million (2020: Rs. 6.23 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 2020 and assumes that all other variables remain the same.

	Level 1	Level 2	Level 3
Assets carried at fair value		(Rupees '000)	
2021			
Financial assets at fair value through profit or loss	**640,914**	**-**	-
2020			
Financial assets at fair value through profit or loss	622,722	-	-

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 2021

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:

	2021	2020
	(Rupees'000)	
Increase in profit after tax for the year	1,487	3,026
Derecognition of property, plant and equipment	(162,616)	(181,376)
Recognition of intangible asset	340,233	357,245
Recognition of financial liability	(27,884)	(28,230)
Increase in taxation obligations	607	1,236
Unappropriated profits	104,336	103,456

46 CAPACITY - OWNED

	Note	No. of rooms 2021	No. of rooms 2020	Average occupancy 2021	Average occupancy 2020
Pearl Continental Hotel				%	%
- Karachi		288	288	51	55
- Lahore		607	607	39	52
- Rawalpindi		200	200	48	44
- Peshawar		148	148	54	42
- Bhurban		197	197	61	50
- Muzaffarabad		102	102	38	25
- Hotel One The Mall, Lahore	46.1	-	32	46	58

46.1 This property has been disposed during the year.

47 OPERATING SEGMENTS

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

48 NUMBER OF EMPLOYEES

	2021	2020
Number of employees at the year end	1,491	1,620
Average number of employees during the year	1,581	1,860

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 UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

50 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The novel coronavirus (COVID-19) emerged in previous year and on 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, took stringent steps to help contain the spread of the virus, including requiring self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and locking down cities and regions. The events and conditions resulted in disruption to business operations particularly to businesses in highly exposed sectors including hospitality industry and significant increase in economic uncertainty.

Due to the lockdown and restrictions imposed by the Government of Pakistan, the Company's following hotel properties remained fully/partially closed for operations:

PC Karachi partially closed from 17 March 2020 to 10 August 2020
PC Lahore partially closed from 23 March 2020 to 02 August 2020
PC Rawalpindi were fully closed from 24 March 2020 to 01 July 2020
PC Bhurban 19 March 2020 to 10 August 2020
PC Muzaffarabad fully closed from 18 March to 12 August 2020
Hotel One- The Mall were fully closed from 18 March 2020 to 09 July 2020

The Company's recognized revenue of Rs. 6,941 million during the year as compared to Rs. 8,168 million in the corresponding period of previous year. The decline is attributed mainly to temporary close-down of operations. There is no impact of COVID-19 on the carrying amounts of assets and liabilities. The impact of COVID-19 on restructuring of loans and the related classification are disclosed in Note 8 and 27.

The material uncertainties relating to going concern assumption, including those arising from impacts of COVID-19 alongwith information relating to management's actions and plans to mitigate adverse financial implications and operational changes are disclosed in Note 2.3.

51 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for better presentation. Following reclassification have been made during the year:

Description of item	Reclassified from	Reclassified to	Amount (Rupees'000)
Amount due but not paid	Employees benefit- Gratuity	Trade and other payables	18,937
Amount due but not paid	Employees benefit - compensated leave absences	Trade and other payables	17,847
Write down adjustment	Other income/ expense	Other expense	174,562
Loss on disposal of property, plant and equipment	Other income/ expense	Other expense	126,333
Franchise & management fee	Other income	Revenue	38,695

52 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 29 September 2021.

M.A. Bawany	Shakir Abu Bakar	Tahir Mahmood
Director	Director	Chief Financial Officer

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2021

Categories of Shareholders:	Shares Held	Percentage
Sponsors, Directors, CEO	580,733	1.79
Associated Companies	10,540,416	32.41
Banks, Development Financial Institutions and Non-Banking Financial Institutions	440,067	1.35
Insurance Companies	28,815	0.09
Modarabas and Mutual Funds	1,122,941	3.45
Foreign Companies	17,856,343	54.90
Individual:		
Local	185,364	0.57
Foreign	19,706	0.06
Others	1,749,785	5.38
	32,524,170	**100**

DISCLOSURE TO PATTERN OF SHAREHOLDINGS
AS AT 30 JUNE 2021

SHAREHOLDERS	SHARES HELD
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND CHILDREN:	
Mr. Murtaza Hashwani	574,076
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
	580,733
ASSOCIATED COMPANIES:	
Hashoo Holdings (Private) Limited	979,784
Zaver Petroleum Corporation Limited	2,466,332
Hashoo (Private) Limited	300
OPI Gas (Private) Limited	753,000
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	418,921
National Investment Trust Limited	21,146
	440,067
INSURANCE COMPANIES	
Alpha Insurance Co. Limited	**28,815**
MODARBAS & MUTUAL FUNDS:	
CDC - Trustee AKD Index Tracker Fund	4,990
CDC- Trustee Golden Arrow Selected Stocks Fund Limited	13,400
CDC-Trustee National Investment (UNIT) Trust	1,104,551
	1,122,941

DISCLOSURE TO PATTERN OF SHAREHOLDINGS
AS AT 30 JUNE 2021

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
H M Investments (Pvt) Limited	214
Kaizen Construction (Pvt) Limited	61,125
Horizon Securities Limited	200
Msmaniar Financials (Pvt) Ltd.	67
Fikrees (Private) Limited	2
Khadim Ali Shah Bukhari Securities (Private) Limited	1
	1,749,785
INDIVIDUAL	**205,070**
	32,524,170

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

PEARL-CONTINENTAL HOTEL, MUZAFFARABAD

DIRECTORS' REPORT – CONSOLIDATED

Dear Members

The Board of Directors of Pakistan Services Limited, the Parent Company, is pleased to present before you 62nd Annual Report carrying therewith also the audited consolidated financial statements for the year ended on June 30, 2021, and Auditors' Report thereon.

The financial results reflected in the Consolidated Financial Statements for the year ended on June 30, 2021 are as under:

	(Rupees '000)
Loss before taxation	(558,120)
Taxation	103,505
Loss after taxation	(454,615)

Earnings per share

Loss per share for the year worked out at Rs. 13.98.

During the year under review; the wholly owned 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. 90 million as compared to Rs. 140 million for last year . During the year under review the Company recorded profit after tax of Rs. 7.61 million as compared to loss of Rs. 21.27 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 2020-21.

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.

During the year the Parent Company successfully negotiated for rescheduling/restructuring of its outstanding long term loan amounts along with markup due for a period of seven years inclusive of two years of deferment/grace period for repayment of principal and markup on loans.

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

The retiring auditors being eligible, offer themselves for re-appointment as the auditors. The Board, on the recommendation of the Audit Committee, has proposed appointment of retiring auditors for the year ending 30 June 2022.

M.A. Bawany
Director

Shakir Abu Bakar
Director

Islamabad: 29 September 2021

ڈائریکٹرزرپورٹ (مجموعی)

محترم حصص داران:

پاکستان سروسز لمیٹڈ، بنیادی کمپنی، کا بورڈ آف ڈائرکٹرز آپ کے سامنے 62 ویں سالانہ رپورٹ پیش کر رہا ہے۔ اس رپورٹ کے ساتھ 30 جون 2021 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 2021 کو ختم ہونے والے مالیاتی سال کے مربوط شدہ مالیاتی گوشواروں سے حاصل نتائج درجِ ذیل ہیں:

(000، روپے)

ماقبل ٹیکس نقصان	(558,120)
ٹیکس	103,505
بعداز ٹیکس نقصان	(454,615)

فی حصص آمدن

مذکورہ سال کے لیے فی حصص نقصان 13.98 روپے رہا۔

زیرِنظر 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 90 ملین روپے کمائے، جب کہ پچھلے سال یہ آمدن 140 ملین روپے تھی۔ زیرِنظر سال کے دوران کمپنی نے بعداز ٹیکس 7.61 ملین روپے کا منافع ریکارڈ کیا۔ جبکہ پچھلے سال یہ خسارہ 21.27 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 کانٹیننٹل (پرائیویٹ) لمیٹڈ کی 21-2020 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 ڈائرکٹرز کے معاوضہ جات کی تفصیل ڈائرکٹرز کی انفرادی ڈائریکٹرز رپورٹ میں شامل ہے۔

سال بھر کے دوران کاروبار کی نوعیت یکساں رہی۔

گروپ نے دوران سال طویل مدتی قرضہ جات اور ان پر انٹرسٹ کی ادائیگی کی مالیاتی ذمہ داری کو نئے سرے سے مرتب کرنے کے لئے کامیاب مذاکرات کئے اور پنے طویل مدتی قرضہ جات اور انٹرسٹ کی ادائیگی نئے سرے سے سات سال کے لئے مرتب کیا جس میں دو سال کی التواء شدہ/رعایتی مدت شامل ہے۔

کمپنی کے ڈائرکٹرز 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 2022 کو ختم ہونے والے سال کے لیے آڈیٹرز مقرر کرنے کی تجویز دی ہے۔

ڈائریکٹر
ایم۔اے۔ باوانی
اسلام آباد: 29 ستمبر 2021

ڈائریکٹر
شاکر ابوبکر

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 2021 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 2021, 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 states that the Group has incurred a net loss after tax of Rs. 454.615 million during the year ended 30 June 2021 and as at that date, current liabilities exceeded current assets (excluding non-current assets held for sale) by Rs. 2,561 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.

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 3.15 and 31 to the consolidated financial statements. The Group recognized gross revenue of Rs. 3,125 million and Rs. 4,255 million from rooms and sale of food and beverages respectively for the year ended 30 June 2021. 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 reservations, 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	Related party transactions Transactions with related parties are disclosed in note 43 to the consolidated financial statements. We identified transactions with related parties and relevant disclosures in the consolidated financial statements as key audit matter due to the nature and volume of transactions with related parties and their significance to the consolidated financial statements	Our audit procedures, amongst others, included the following: ● obtaining an understanding of the process that management has established to identify, account for and disclose related party transactions and to authorize and approve related party transactions and arrangements; ● comparing the related party transactions, on a sample basis, disclosed in the consolidated financial statements with the underlying records and performing procedures to identify related party transactions outside the normal course of business; ● obtaining, on a sample basis, external confirmations of related party transactions and year-end balances and comparing the same with the Group's record; ● comparing, on a sample basis, the recording of related party transactions with the underlying agreements / arrangements in place and supporting documentation and approvals; and

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

S. No.	Key audit matters	How the matter was addressed in our audit
		● assessing the adequacy of disclosures in the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan.
3	Impact of COVID-19 As disclosed in note 50 to the consolidated financial statements, the COVID-19 pandemic continued to have an impact resulting in disruption to business operations particularly to businesses in highly exposed sectors including hospitality industry and significant increase in economic uncertainty. Due to the lockdown and restrictions imposed by the Government of Pakistan, the Group's hotel properties remained fully/partially closed for operations during the year. In connection with the accounting and reporting obligations, the Company assessed the impact of COVID-19 related events on its consolidated financial statements particularly its impact on the appropriateness of the use of the going concern assumption, impairment of non-current assets and classification of long term debt obligations.	Our audit procedures, amongst others, included the following: ● obtaining an understanding of management's assessment of impact of COVID-19 pandemic and its related implications on the preparation and presentation of consolidated financial statements; ● evaluating appropriateness of management's assessment of going concern assumption and adequacy of related disclosures in the consolidated financial statements; ● assessing the compliance with the terms of financing agreements, the appropriateness of classification of long-term loans and the adequacy of related disclosures in the consolidated financial statements; ● evaluating the assessment of recoverable amounts for each cash generating unit (hotel properties and other non-current assets) to ascertain if any impairment was required to be recognized in the consolidated financial statements; ● Involving external expert to assist in testing of assessed values used in determining recoverable amounts of cash generating units; and ● Assessing the adequacy of disclosures in consolidated financial statements relating to impact of COVD-19 in accordance with the accounting and reporting standards as applicable in Pakistan.

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 2021, 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

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 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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

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

Date: 05 October 2021

Islamabad

PEARL-CONTINENTAL HOTEL, BHURBAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	30 June 2021	30 June 2020
		(Rupees'000)	
EQUITY			
SHARE CAPITAL AND RESERVES			
Share capital	4	325,242	325,242
Capital reserves	5	416,645	416,645
Revenue reserves	6	3,943,858	4,420,830
Revaluation surplus on property, plant and equipment	7	29,105,050	29,243,031
Equity attributable to owners		33,790,795	34,405,748
Non-controlling interest		187,871	79,909
Total equity		33,978,666	34,485,657
LIABILITIES			
Loans and borrowings	8	11,619,133	9,325,615
Lease liabilities	9	130,958	231,313
Deferred government grant	8	21,333	30,148
Employee benefits	10	715,161	736,219
Deferred tax liability - net	11	231,963	511,928
Other non-current laibility		18,801	-
Non current liabilities		12,737,349	10,835,223
Short term borrowings	12	3,139,289	3,040,614
Current portion of loans and borrowings	8	3,077,891	4,525,870
Current portion of lease liabilities	9	108,699	127,771
Trade and other payables	13	2,143,586	2,501,173
Contract liabilities	32	512,381	403,933
Advance against non-current assets held for sale		-	12,000
Unpaid dividend	14	1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		8,992,616	10,622,131
Total equity and liabilities		55,708,631	55,943,011
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

	Note	30 June 2021	30 June 2020
		(Rupees'000)	
ASSETS			
Property, plant and equipment	16	**39,821,824**	43,871,165
Advances for capital expenditure	17	**1,104,612**	1,338,170
Intangible assets	18	**252,320**	160,930
Investment property	19	**70,000**	65,000
Long term investments	20	**633,133**	617,323
Long term deposits and prepayments	21	**28,181**	33,657
Advance against equity	22	**925,139**	642,194
Non current assets		**42,835,209**	46,728,439
Inventories	23	**358,918**	291,930
Development properties	24	**3,692,801**	3,763,885
Trade debts	25	**418,084**	216,551
Contract assets	32	**22,863**	3,578
Advances, prepayments, trade deposits and other receivables	26	**337,719**	391,145
Short term investments	27	**658,453**	659,506
Non-current assets held for sale	28	**6,442,198**	2,908,739
Advance income tax - net	29	**548,272**	532,462
Cash and bank balances	30	**394,114**	446,776
Current assets		**12,873,422**	9,214,572
Total assets		**55,708,631**	55,943,011

M.A. Bawany
Director

Shakir Abu Bakar
Director

Tahir Mahmood
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	30 June 2021	30 June 2020
		(Rupees'000)	
Revenue - net	31	7,076,995	8,781,072
Cost of sales and services	33	(4,885,356)	(6,069,920)
Gross profit		2,191,639	2,711,152
Other income	34	357,912	305,094
Administrative expenses	35	(2,096,499)	(3,108,700)
Other expense	36	(134,394)	(292,470)
Reversal of / (allowance for) impairment loss on trade debts	25	125,885	(112,872)
Operating profit / (loss)		444,543	(497,796)
Finance income	37	107,950	129,992
Gain / (loss) on remeasurement of investments to fair value - net		2,381	(695)
Finance cost	38	(1,246,772)	(1,847,108)
Net finance cost		(1,136,441)	(1,717,811)
Share of profit in equity accounted investments - net	20	133,778	87,779
Loss before taxation		(558,120)	(2,127,828)
Income tax	39	103,505	(30,973)
Loss for the year		(454,615)	(2,158,801)
Loss attributable to:			
Owners of the Parent Company		(428,674)	(2,075,334)
Non-controlling interests		(25,941)	(83,467)
		(454,615)	(2,158,801)

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

M.A. Bawany	Shakir Abu Bakar	Tahir Mahmood
Director	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	30 June 2021	30 June 2020
	(Rupees'000)	
Loss for the year	(454,615)	(2,158,801)
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefits liability	(24,744)	83,794
Surplus on revaluation of property, plant and equipment	-	1,712,290
Related tax	7,176	(24,300)
	(17,568)	1,771,784
Items that may be subsequently reclassified to profit or loss		
Exchange gain on translation of long term investments in equity accounted investees	(122,314)	53,750
Share of other OCI items of associate	2,196	12,687
Share of remeasurement of defined benefit obligation of associate	336	(759)
Related tax	35,471	(15,588)
	(84,311)	50,090
Total other comprehensive income- (loss) for the year	(101,879)	1,821,874
Total comprehensive income for the year	(556,494)	(336,927)
Total comprehensive income - (loss) attributable to:		
Owners of the Parent Company	(530,553)	(253,460)
Non-controlling interests	(25,941)	(83,467)
	(556,494)	(336,927)

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

M.A. Bawany	Shakir Abu Bakar	Tahir Mahmood
Director	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Share capital	Share premium	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 2019	325,242	269,424	147,221	1,600,000	1,099,231	34,121	3,653,228	27,530,741	34,659,208	14,583	34,673,791
Total comprehensive income for the year											
Loss for the year	-	-	-	-	-	-	(2,075,334)	-	(2,075,334)	(83,467)	(2,158,801)
Advance against issuance of shares	-	-	-	-	-	-	-	-	-	148,793	148,793
Other comprehensive income for the year	-	-	-	-	38,162	12,687	58,735	1,712,290	1,821,874	-	1,821,874
Total comprehensive income for the year - loss	-	-	-	-	38,162	12,687	(2,016,599)	1,712,290	(253,460)	65,326	(188,134)
Balance at 30 June 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
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)	-	-	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	33,875,195	187,871	33,978,666

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

M.A. Bawany	Shakir Abu Bakar	Tahir Mahmood
Director	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	30 June 2021	30 June 2020
		(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	40	1,516,339	889,955
Working capital changes			
(Increase) / decrease in current assets			
Inventories		(68,713)	21,311
Development property		71,084	537,280
Trade debts		(75,648)	227,760
Contract assets		(19,285)	26,174
Advances		7,527	57,017
Trade deposits and prepayments		27,168	14,801
Other receivables		18,731	(42,248)
Contract liabilities		108,448	3,182
Non current laibilities		18,801	-
increase in trade and other payables		(582,264)	822,598
Cash (used in) / generated from operations		(494,151)	1,667,875
		-	
Staff retirement benefit - gratuity paid		(83,255)	(31,154)
Compensated leave absences paid		(42,865)	(21,980)
Income tax paid		(149,624)	(96,727)
Finance cost paid		(487,750)	(1,955,712)
Net cash generated from operating activities		258,694	452,257
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(782,540)	(1,576,488)
Advance for capital expenditure		(943)	(245,011)
Proceeds from disposal of property, plant and equipment		84,326	607,608
Software procurement/ development expenditure		(64,955)	(160,930)
Proceeds from disposal of non current asset held for sale		645,939	-
Advance against non-current asset held for sale		-	12,000
Dividend income received		52,811	41,464
Short term investments		(86)	447,316
Advance against equity investment		(282,945)	(286,880)
Receipts of return on bank deposits and short term advance		57,305	128,192
Long term deposits and prepayments		5,476	2,999
Net cash used in investing activities		(285,612)	(1,029,730)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans and borrowings		(395,037)	(1,472,222)
Proceed from loans and borrowing		36,873	377,589
Proceed from issuance of preference shares		279,000	-
Advance against issuance of shares		28,503	148,793
Increase in non-controlling interest		21,000	-
Short term loan		293,328	603,330
Refund of loan to director		(150,000)	(220,000)
Transaction cost paid		(8,200)	-
Lease liabilities paid		(121,566)	(101,373)
Net cash used in financing activities		(16,099)	(663,883)
Net decrease in cash and cash equivalents		(43,017)	(1,241,356)
Cash and cash equivalents at beginning of the year		(2,141,192)	(899,836)
Cash and cash equivalents at end of the year	41	(2,184,209)	(2,141,192)

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

M.A. Bawany	Shakir Abu Bakar	Tahir Mahmood
Director	Director	Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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.

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	Real estate development	100%
Elite Properties (Private) Limited	Real estate development	100%

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 Parent Company and the subsidiary companies together constituting "the Group".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the 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 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.

The Group has incurred a net loss after tax of Rs. 454.615 million during the year ended 30 June 2021 and, as at that date, current liabilities exceeded current assets (excluding non-current assets held for sale) by Rs. 2,561 million. The Group's operations were affected due to lock down measures taken by the Government of Pakistan in response to COVID-19 outbreak (refer note 50) which resulted in closing down of the hotel properties for the period from March 2020 to August 2020. Further, subsequently the operations continue to be affected on an intermittent basis due to Covid-19.

Management expects the situation to improve in subsequent period and is confident that operating cash flows will be adequate to fulfill obligations when due. The Group has successfully negotiated with banks for rescheduling of loans (refer to note 8.3) and accrued interest payments which will have a positive impact on the Group's liquidity. Further, the lockdown restrictions have been relaxed, and the Parent Company's hotel properties have resumed operations and management expects that room occupancy and sales at its hotels will improve further.

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Management acknowledges that material uncertainty remains over the Group's ability to meet its funding requirements. However, as described above, management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. If for any reason the Group is unable to continue as going concern, then this could have an impact on the Group's ability to realize 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 3.2 & 18 – Intangible asset
- Note 3.4 & 19 fair value of investment property
- Note 3.5 & 23 provision for slow moving inventories
- 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 recognition of deferred tax liabilities and estimation of income tax provisions
- Note 3.9 & 25 - measurement of allowance for expected credit loss
- Note 20 Accounting for investments in associates
- Note 2.4 – going concern basis of accounting
- Note 3.3 & 9 – Leases: present value measurement of lease liabilities, determining lease term and whether a contract is or contains a lease and depreciation of right of use assets
- Note 3.16 & 28 – non-current assets held for sale – clarification and determining the fair value less cost to sell
- Note 3.15 & 31 – Revenue recognition

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.

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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.

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.

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 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, 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 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 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 profit or loss. Amortization rate is mentioned in note 18.

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:

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- 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.

The Group 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 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.

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 profit or loss.

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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.

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.

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.

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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 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 OCI are reclassified to consolidated 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 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 profit or loss.

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.

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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 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 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 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.

3.9 Impairment

3.9.1 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.

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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.

For recognition of impairment on financial assets due from the Government of Pakistan entities, the Group assesses, at each reporting date, whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

3.9.2 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.

3.10 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.

3.11 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

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of the obligation cannot be measured with sufficient reliability.

3.12 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.

3.13 Employee benefits

3.13.1 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.

3.13.2 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.

3.13.3 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.

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 recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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(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 recognised in profit or loss.

3.14 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 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.

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. Unrecognised 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 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.

3.15 Revenue recognition

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

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3.15.1 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.

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 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.

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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.

3.15.2 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.

3.16 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.

3.17 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.

3.18 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.

3.19 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.

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3.20 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.

3.21 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.

3.22 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.

3.23 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 profit or loss on a straight-line basis over the term of the Ijarah lease arrangement.

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3.24 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.

3.25 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 01 July 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

  The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

  Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
  - there is no substantive change to the other terms and conditions of the lease.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required

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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.

- 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. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments 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. 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 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:

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- 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) – The amendments 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 a company 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, 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) – The amendments 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 recognise 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 recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised 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 has not yet determined the impact.

New standards, amendments or interpretations

Following new standards, amendments or interpretations became effective from 01 July 2020, but they do not have a material effect on the Company's financial statements:

Effective date	New standards or amendments
1 January 2020	Amendments to references to Conceptual Framework in IFRS Standards
1 January 2020	Definition of Material (Amendments to IAS 1 and IAS 8)
1 January 2020	Definition of a business (Amendments to IFRS 3)
1 January 2020	Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
1 June 2020	COVID-19 – Related rent concessions (Amendment to IFRS 16)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4 SHARE CAPITAL

4.1 **Authorised share capital**

Authorized share capital is 200,000,000 (2020: 200,000,000) ordinary share of Rs. 10 each.

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

2021	2020		2021	2020
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 (2020: 10,540,416) and 580,733 (2020: 585,270) 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 Groups'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	2021	2020
		(Rupees'000)	
Share premium	5.1	**269,424**	269,424
Share of associate's capital reserve		**147,221**	147,221
		416,645	416,645

5.1 Capital reserve represents share premium as and when received.

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		Note	2021	2020
			(Rupees'000)	
6	**REVENUE RESERVES**			
	General reserve		1,600,000	1,600,000
	Exchange translation reserve		1,050,550	1,137,393
	Surplus on remeasurement of FVOCI securities		49,004	46,808
	Unappropriated profits		1,244,304	1,636,629
			3,943,858	4,420,830
7	**REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT**			
	Balance at 01 July		29,243,031	27,530,741
	Surplus arising on revaluation during the year	16.1.3	-	1,712,290
	Transferred to revenue reserves		(137,981)	-
	Balance at 30 June		29,105,050	29,243,031
8	**LOANS AND BORROWINGS - Secured**			
a.	**Non current portion**			
	Term Finance Loan - 1	8.1	539,515	552,500
	Term Finance Loan - 2	8.2	1,679,577	1,720,000
	Term Finance Loan - 3	8.3	1,932,879	2,000,000
	Term Finance Loan - 4	8.4	1,984,476	2,000,000
	Term Finance Loan - 5	8.5	289,513	347,441
	Sukuk	8.6	6,455,742	6,611,111
	Preference shares	8.7	279,000	-
	Transaction cost		(28,056)	(33,262)
			13,132,646	13,197,790
	Current portion of loans		(2,338,277)	(3,872,175)
			10,794,369	9,325,615
	Markup accrued non-current		824,764	-
			11,619,133	9,325,615
b.	**Current portion**			
	Current portion of loans		2,338,277	3,872,175
	Markup accrued		739,614	653,695
			3,077,891	4,525,870

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% (2020: 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 (2020: 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 (2020: Rs. 734 million). During the year, these loans have been restructured and rescheduled and the outstanding balance is repayable in seven years (including grace period of two years) with repayments in twenty equal quarterly installments of Rs. 11.37 million and Rs. 16.25 million each against respective loans commencing from July 2022. The outstanding markup amounting Rs. 36.91 million and Rs. 25.84 million is deferred and repayable in eight equal quarterly installments starting April 2022. The Parent Company has made a prepayment amounting to Rs. 12.9 million against principal instalment of these loans during the year. .

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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% (2020 :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 (2020: Rs. 1,200 million) and Rs. 1,667 million (2020: Rs. 1,667 million) respectively. During the year, the loan facility has been restructured and rescheduled and the outstanding balance is repayable in seven years (including grace period of two years) with repayments in twenty equal quarterly installments of Rs. 86 million commencing from July 2022. The outstanding markup amounting Rs. 184.44 million is deferred and repayable in eight equal quarterly installments starting April 2022. The Parent Company has made a prepayment amounting to Rs. 40.4 million against principal instalment of these loans during the year.

8.3 This represents outstanding balance of term finance loan of Rs. 3,000 million carrying markup of 3-month KIBOR plus 0.75% (2020: 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 (2020: Rs. 4,000 million). During the year, the loan facility has been restructured and rescheduled and the outstanding balance is repayable in twelve equal quarterly instalments of Rs. 166.66 million commencing from March 2022. The outstanding markup amounting Rs. 219.9 million as at 30 June 2021 is deferred and repayable in 14 equal quarterly installments starting September 2021. The Parent Company has made a prepayment amounting to Rs. 67.1 million against principal instalment of this loans during the year. As per restructured terms, Pearl Continental Hotel, Multan property is mortgaged with the bank as additional security by registering fresh equitable mortgage charge with the Securities and Exchange Commission of Pakistan up to the value of property not less than Rs. 4 billion and personal guarantees of major shareholders to be 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.

In view of the lender's right to initiate debt property swap in respect of Pearl Continental Hotel, Multan during the next twelve months from the reporting date and that the Parent Company does not expect the sale of properties other than the property already included as held for sale to materialise by the respective due date, 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-annual (2020: 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. During the year, the loan facility has been restructured and rescheduled and the outstanding balance is repayable in ten equal quarterly instalments of Rs. 198.45 million commencing from May 2022. The Parent Company has made a prepayment amounting to Rs. 15.52 million against principal instalment of this loans during the year. The outstanding markup amounting Rs. 226.83 million is deferred and repayable in four equal semi-annual installments starting May 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 (2020: 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 (2020: Rs. 598 million) and hypothecation charge over the specific inventory of the subsidiary company. The loan is repayable in eight equal quarterly installments.

The Parent Company and subsidairy 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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	2021	2020
	(Rupees'000)	
Opening balance	30,148	-
Loan proceeds received	36,873	377,589
Fair value of the loan proceeds	(33,974)	(347,441)
	2,899	30,148
Amortization during the year	(11,714)	-
	21,333	30,148

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 6-month KIBOR plus 1% (2020: 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. During the year, the loan facility has been restructured and rescheduled and the outstanding balance will be redeemed in twenty equal quarterly instalments of Rs. 322.78 million carries profit of 3-month KIBOR plus 1% commencing from September 2022. The Parent Company has made early redemption amounting to Rs. 155.36 million during the year. The outstanding profit amounting Rs. 916.27 million also is deferred and payable in eight equal quarterly installments starting September 2021. As per restructured terms, sponsor of the Parent Company guaranteed to lenders and also gave an option to the majority Sukuk holders to seek prospective buyer, negotiate and finalise the term of sale. Where the Parent Company is liable to sale certain of its assets (as refer in note 8.3) by 30 June 2022. Further, proceed shall be used to repay the loan.

8.7 During the year, a subsidiary company under financing arrangement has issued 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) dated December 31, 2020. 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. This financing facility is also secured by assigning all the patent rights and receivables of the subsidiary company.

8.8 Under the terms of financing agreements restructured during the year, the Group 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.

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9 LEASE LIABILITIES	Note	2021	2020
		(Rupees'000)	
Lease liabilities - Vehciles	9.1	85,532	133,703
Lease liabilities - Land and rental spaces		154,125	225,381
	9.2	239,657	359,084
Current portion		108,699	127,771
Non current portion		130,958	231,313

9.1 This represents outstanding balance of diminishing musharaka facility from an Islamic financial institution and carries markup of 3-month KIBOR plus 1% (2020: 3-month KIBOR plus 1%) per annum payable quarterly. The facility is secured by way of ownership of leased assets.

9.2 Maturity of Lease liabilities is follows	2021	2020
	(Rupees'000)	
Not later than one year	118,433	140,981
Later than one year and not later than five years	93,063	211,587
Later than five year	436,561	422,487
	648,057	775,055
Imputed interest	(408,400)	(415,971)
	239,657	359,084
Movement of lease liabilities is as follows:		
Balance as at 01 July	359,084	35,446
Amount recognized on transition date	-	408,994
Interest expense	26,886	38,305
Additions	5,692	73,396
Payments	(148,452)	(101,373)
Lease modification	(3,553)	(57,379)
	239,657	359,084

10 EMPLOYEE BENEFITS	Note	2021	2020
Net defined benefit liability - gratuity	10.1.1	610,595	625,602
Net defined benefit liability - compensated leave absences	10.2.1	104,566	110,617
		715,161	736,219

10.1 Net defined benefit liability - gratuity

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

10.1.1 Movement in net defined liability - gratuity	Note	2021	2020
		(Rupees'000)	
Balance at 01 July		625,602	626,886
Included in profit or loss	10.1.3	87,131	128,316
Benefits paid		(63,586)	(26,033)
Benefits due but not paid		(63,298)	(19,773)
Included in other comprehensive income	10.1.4	24,746	(83,794)
Balance at 30 June		610,595	625,602

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		2021	2020
		(Rupees'000)	
10.1.2	**Reconciliation of liability recognised in the statement of financial position**		
	Present value of defined benefit liability	610,595	625,602
	Net defined benefit liability	610,595	625,602
10.1.3	**Included in profit or loss**		
	Current service cost	39,361	42,272
	Interest cost	47,770	86,044
		87,131	128,316
10.1.3.1	**Expense is recognized in the following line items in profit or loss**		
	Cost of sales and services	55,552	53,560
	Administrative expenses	31,579	74,756
		87,131	128,316
10.1.4	**Included in other comprehensive income**		
	Actuarial loss from changes in financial assumptions	850	(3,274)
	Experience adjustments on defined benefit liability	23,896	(80,520)
		24,746	(83,794)

10.1.5 Key actuarial assumptions

The latest actuarial valuation was carried out on 30 June 2021 using projected unit credit method with the following key assumptions:

	Note	2021	2020
Discount rate		9.00%	9.00%
Expected increase in eligible salary		N/A	14.50%
Mortality rate	10.1.5.1	SLIC 2001-2005	SLIC 2001-2005

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

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

	2021		2020	
	Increase	Decrease	Increase	Decrease
	(Rupees'000)		(Rupees'000)	
Discount rate	616,586	694,910	589,427	664,958
Salary increase rate	694,953	615,575	665,181	588,457

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 sentivity 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. 105.30 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	Note	2021	2020
		(Rupees'000)	
FY 2021		-	68,913
FY 2022		32,791	48,423
FY 2023		65,486	67,898
FY 2024		62,626	60,304
FY 2025		82,238	86,184
FY 2026		75,921	76,487
FY 2027		94,774	88,159
FY 2028		89,614	77,795
FY 2029		191,196	119,529
FY 2030		139,675	131,609
FY 2031		157,246	-
FY 2032/2031 onwards		1,229,657	1,096,552

10.2 Net defined benefit liability - compensated leave absences

10.2.1 Movement in defined benefit liability - compensated leave absences

	Note	2021	2020
Balance at 01 July		110,617	183,190
Included in profit or loss	10.2.3	26,418	(33,771)
Payments made during the year		(25,017)	(20,567)
Benefits due but not paid		(7,452)	(18,235)
Balance at 30 June		104,566	110,617

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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		Note	2021	2020
			(Rupees'000)	
10.2.2	**Reconciliation of liability recognised in the Statement of Financial Position**			
	Present value of defined benefit liability		104,566	110,617
10.2.3	**Included in profit or loss**			
	Current service cost		27,496	30,222
	Interest cost		8,022	366
	Experience adjustments on defined benefit liability		(9,100)	21,384
	Experience adjustments on defined benefit liability		-	(85,743)
			26,418	(33,771)
10.2.3.1	**Expense is recognized in the following line items in profit or loss**			
	Cost of sales and services		11,921	(11,685)
	Administrative expenses		14,497	(22,086)
			26,418	(33,771)
10.2.4	**Actuarial assumption**			
	Discount rate		9.00%	9.00%
	Expected increase in eligible salary		N/A	14.50%
	Mortality rate	10.2.4.1	SLIC 2001-2005	SLIC 2001-2005

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:

	2021		2020	
	Increase	Decrease	Increase	Decrease
	(Rupees'000)		(Rupees'000)	
Discount rate	104,407	123,064	102,083	120,400
Salary increase rate	122,758	104,524	120,097	102,200

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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 sentivity 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

		Recognized in		
	Net balance at 01 July 2020	Profit or loss (Note 39)	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
Deductible temporary differences				
Employees benefit - gratuity	183,354	(13,457)	(7,176)	177,073
Net defined benefit liability - vacation pay	-	30,324	-	30,324
Provision against doubtful debts	121,565	(36,525)	-	85,040
Unabsorbed tax losses and depreciation	245,415	201,463	-	446,878
Share in loss of equity accounted investments	176,095	(137,300)	-	38,795
Provision for inventory	596	500	-	1,096
Short term investment	1,740	-	-	1,740
Lease laibility	104,134	(34,634)	-	69,500
	832,899	10,371	(7,176)	850,446
	511,928	(237,318)	(42,647)	231,963

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	Net balance at 01 July 2019	Recognized in: Profit or loss (Note 39)	Recognized in: Other comprehensive income	Net balance at 30 June 2020
2020	(Rupees'000)			
Taxable temporary differences				
Property, plant and equipment	745,057	288,535	-	1,033,592
Exchange translation reserve	295,647	-	15,588	311,235
Deductible temporary differences				
Employees benefit - gratuity	183,044	24,610	24,300	183,354
Provision against doubtful debts	88,833	32,732	-	121,565
Unabsorbed tax losses and depreciation	122	245,293	-	245,415
Share in loss of equity accounted investments	150,640	25,456	-	176,095
Provision for inventory	476	120	-	596
Short term investment	1,740	-	-	1,740
Income not yet received	8,628	(8,628)	-	-
Lease laibility	42,743	61,391	-	104,134
	476,225	380,974	24,300	832,899
	564,479	(92,439)	39,888	511,928

12 SHORT TERM BORROWINGS - Secured	Note	2021	2020
		(Rupees'000)	
Running finance facilities - from banking companies- secured	12.1	**2,578,000**	2,587,186
Short term loan - unsecured	12.2	**526,658**	383,330
Markup accrued		**34,631**	70,098
		3,139,289	3,040,614

12.1 These facilities are obtained from various commercial banks with an aggregate limit of Rs. 2,630 million (2020: 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 markup rates ranging from 1-month KIBOR to 3-month KIBOR plus 0.6% to 1.5% (2020: 1-month KIBOR to 3-month KIBOR plus 0.6% to 1.5%) per annum.

12.2 This includes loan from directors Rs. 172.59 million (2020: Rs. 241.40 million) and from a related parties Rs. 354.06 million (2020: Rs.50) million.

12.3 The Group has unutilised running finance facilities aggregating to Rs.52 million (2020: Rs.42.80 million) at the year end.

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		Note	2021	2020
13	TRADE AND OTHER PAYABLES		(Rupees'000)	
	Creditors		899,765	955,610
	Accrued liabilities		494,469	675,912
	Shop deposits	13.1	49,743	54,026
	Retention money		141,683	223,478
	Due to related parties - unsecured		40,687	270,029
	Sales tax payable - net		117,915	75,576
	Income tax deducted at source		14,087	6,435
	Un-earned income		52,605	49,900
	Payable to provident fund		7,604	13,236
	Other liabilities	13.2	325,029	176,971
			2,143,586	2,501,173

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. 63.91 million (2020: Rs. 20.59 million) payable to director of the Parent Company.

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 sahreholders 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.

		Note	2021	2020
15.1.2	Guarantees		(Rupees'000)	
	Guarantees issued by banks on behalf of the Group		311,478	308,952
15.2	Commitments			
	Commitments for capital expenditure		3,789,933	4,248,657
16	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets	16.1	36,141,987	37,191,636
	Capital work in progress	16.2	3,679,837	6,679,529
			39,821,824	43,871,165

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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	Air craft	Land and rental spaces	Vehicles	Total
Cost / Revalued amounts	Rupees'000											
Balance at 01 July 2019	13,724,309	13,488,790	2,508,158	2,292,838	4,583,957	3,602,671	766,836	385,936	783,286	367,564	159,753	42,664,098
Additions	-	-	-	-	293,576	31,354	13,632	13,402	-	-	97,994	449,958
Revaluation surplus	478,170	1,234,120	-	-	-	-	-	-	-	-	-	1,712,290
Disposals	-	-	-	-	(18,045)	(250)	(2,966)	(27,985)	(783,286)	(51,638)	(6,312)	(890,482)
Transfer from CWIP (refer note 16.2)	-	-	89,391	162,950	151,601	260,346	14,033	-	-	-	-	678,321
Transfer from leased assets to owned assets								19,490			(19,490)	-
Asset classified as held for sale	(160,000)	-	-	-	-	-	-	-	-			(160,000)
Balance at 30 June 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
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 (refer note 16.2)		-	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)	-	-	-	-	(842,540)
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
Accumulated depreciation												
Balance at 01 July 2019	-	-	749,507	872,806	2,659,850	1,369,228	402,025	167,962	45,953	-	37,304	6,304,635
Depreciation (refer note 16.1.6)	-	-	89,160	70,472	305,150	328,736	98,866	27,259	34,465	94,871	22,040	1,071,019
Disposals	-	-	-	-	(16,691)	(27)	(1,287)	(13,200)	(80,418)	-	(1,482)	(113,105)
Transfer from leased assets to owned assets	-	-						6,696			(6,696)	-
Balance at 30 June 2020	-	-	838,667	943,278	2,948,309	1,697,937	499,604	188,717	-	94,871	51,166	7,262,549
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 (refer note 16.1.6)	-	-	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)	-	-	-	(29,790)
Lease termination	-	-	-	-	-	-	-	-	-	(6,348)	(1,030)	(6,348)
Held for sale asset	-	-	(20,557)	-	(3,882)	(2,471)	(522)	-	-	-	-	(27,432)
Transfer from lease assets to owned assets	-	-										-
Balance at 30 June 2021	-	-	909,967	1,015,704	3,253,566	2,018,936	580,495	187,819	-	173,116	77,047	8,216,649
Carrying amount - 30 June 2020	14,042,479	14,722,910	1,758,882	1,512,510	2,062,780	2,196,184	291,931	202,126	-	221,055	180,779	37,191,636
Carrying amount - 30 June 2021	13,612,479	14,722,910	1,802,269	1,552,686	2,048,524	2,071,306	249,921	169,834	-	139,036	133,021	36,141,987
Rates of depreciation per month/useful life (2021 and 2020)	-	-	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 2020 by an independent valuer, based on market value basis method. 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. 469.24 million (2020: Rs. 766.26 million).

16.1.4 The forced sale value of the revalued land has been assessed at Rs. 22,652 million (2020: Rs. 23,019 million).

16.1.5 Particulars of 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	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	Land and building	74,440
Lahore	Shahi Muhallah, Fort Road	Land	1,132
Lahore	Defence Housing Authority (refer note 16.1.8)	Building	
Rawalpindi	Property No.253, Survey No. 559, The Mall Road	Land and building	26,668
Peshawar	Survey No.32-B, Khyber Road, Peshawar Cantt	Land and building	25,167
Multan	Askari By-Pass Road, Mouza Abdul Fateh	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	Building	-
Muzaffarabad	Upper Chattar, Muzaffarabad.	Building	-
Mirpur	Village Barban Tehsil & District, Mirpur (AJK)	Under construction building	-

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

	Note	2021	2020
		(Rupees'000)	
Cost of sales and services	33	**836,113**	875,886
Administrative expenses	35	**181,558**	195,133
		1,017,671	1,071,019

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 Parent Company and the property is still in the name of Hashoo (Private) Limited, an associated company. The Parent Company has decided to dispose of this property at market competetive price. The cost of this property was Rs. 1,539.34 million and current market value is Rs. 3,541.87. This property is classifed as held for sale, refer note 28.

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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 cost of this building was Rs. 120.08 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)						
Right of use asset excluding land and rental spaces							
Vehicle	933	899	2,151	1,252	Company policy	Faisal Naeem Khan	Employee
Vehicle	1,182	1,138	1,889	751	Company policy	Mansoor Akbar Ali	-
Vehicle	1,003	966	2,131	1,165	Company policy	Abbas Khan	Employee
Vehicle	999	962	2,131	1,169	Company policy	Syed Sharafat Hussain	Employee
Vehicle	1,003	966	2,084	1,118	Company policy	Dawood Sadiq	Employee
Vehicle	999	975	2,093	1,118	Company policy	Kamran Babar	Employee
Vehicle	1,003	978	2,086	1,108	Company policy	Bakht Zada	Employee
Vehicle	624	609	2,200	1,591	Company policy	Ghulam Yasin	Employee
Vehicle	745	727	1,900	1,173	Company policy	Tanveer Abbas	Employee
Vehicle	795	776	2,030	1,254	Company policy	Tahir Iqbal	Employee
Vehicle	999	975	2,118	1,143	Company policy	Muhammad Azeem	Employee
Vehicle	1,003	991	2,133	1,142	Company policy	Muhammad Amir	Employee
Vehicle	1,003	954	2,330	1,376	Auction	Augmentech Business	-
Vehicle	839	798	2,205	1,407	Auction	Augmentech Business	-
Vehicle	1,003	954	2,327	1,373	Auction	Augmentech Business	-
Vehicle	825	784	1,817	1,033	Auction	Augmentech Business	-
Vehicle	1,617	1,519	3,689	2,170	Negotiaion	M.A. Engineering Pvt. Ltd.	-
Vehicle	599	548	1,444	896	Company policy	Shujah Jadoon	Employee
Vehicle	2,523	2,253	-	(2,253)	Insurance	TPL Insurance Co. Ltd.	-
Vehicle	1,174	1,116	2,111	995	Auction	Muhammad Jaffer	-
Aggregate of other items with individual book values not exceeding Rs. 500,000	1,002	960	2,991	2,031			
	21,877	20,848	43,858	23,010			
Operating fixed assets							
Vehicle	1,050	513	519	6	Company policy	Shafqat Hussain	Employee
Vehicle	2,230	670	2,144	1,474	Auction	Augmentech (Pvt.) Ltd.	-
Vehicle	2,230	670	2,136	1,466	Auction	Augmentech (Pvt.) Ltd.	-
Vehicle	2,230	670	2,074	1,404	Auction	Augmentech (Pvt.) Ltd.	-
Vehicle	2,230	670	2,066	1,396	Auction	Augmentech (Pvt.) Ltd.	-
Vehicle	2,184	695	2,050	1,355	Auction	Muhammad Nazir Khan	-
Vehicle	2,184	695	2,067	1,372	Auction	Zahir Shah	-
Vehicle	4,767	1,381	4,600	3,219	Auction	Mian Shahzad Latif	-
Aggregate of other items with individual book values not exceeding Rs. 500,000	19,344	3,724	22,812	19,088			
	38,449	9,688	40,468	30,780			
2021	**60,326**	**30,536**	**84,326**	**53,790**			
2020	838,844	725,739	607,831	(117,908)			

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		Note	2021	2020
16.2	Capital work in progress		(Rupees'000)	
	Balance at 01 July		6,679,529	4,613,594
	Additions during the year		1,045,220	2,918,818
	Transfers to operating fixed assets		(691,969)	(678,321)
	Transfers to non-current asset held for sale		(3,258,553)	-
	Writen down adjustment	16.2.2	(94,390)	(174,562)
	Balance at 30 June	16.2.1	3,679,837	6,679,529
16.2.1	Construction of Pearl Continental Hotel Multan		-	2,996,222
	Construction of Pearl Continental Hotel Mirpur		3,574,120	3,371,377
	Other civil works	16.2.2	105,717	311,930
		16.2.3	3,679,837	6,679,529

16.2.2 This represents write down of construction work pertaining to expansion of Pearl Continental Hotel Peshawar amounting to Rs. 94.39 million which was under suspension since long due to dispute with the Military Estate Office, the comparative amount of Rs. 174.56 million represents the loss incurred in previous year on construction work of Pearl Continental Hotel Mirpur due to earthquake damaged.

16.2.3 This also includes capitalized borrowing cost amounting to Rs.1,214,.45 million (2020: Rs. 1,084.85 million). During the year the capitalized borrowing cost amounting to Rs. 129.60 (2020: Rs. 561.19) million is capitalized at the rate of 8.18% (2020: 14.18%) per annum.

		Note	2021	2020
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
	Impairment loss	17.3	(40,000)	-
			1,008,476	1,048,476
	Advance for purchase of apartment		40,509	40,509
	Impairment loss		(40,509)	(40,509)
			-	-
	Advance for purchase of fixed assets		11,087	95,782
	Advances for Pearl Continental Multan Project		74,906	92,145
	Transferred to held for sale		(74,906)	-
	Advances for Pearl Continental Mirpur Project		85,049	101,767
			96,136	289,694
			1,104,612	1,338,170

17.1 This includes amount of Rs. 626.82 million (2020: 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. During the previous year, 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 forthcoming general meeting to seek their approvals in terms of section 199 of the Companies Act, 2017. The directors of the Parent Company has filed an appeal with the SECP which is pending. Management believes that the matter has no impact on the Parent Company's financial statements.

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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 advance amount paid for purchase of land situated at Kuri Road, Islamabad, the vendor failed to get the land transferd in the name of the Parent Compnay within stipulated time, and the Parent Company is pursuing of recovery of this amount, which is not envisage in foreseeable future, therefore, impairment loss of Rs. 40 million (2020: Nil) has been recognized against this advance

		Note	2021	2020
			(Rupees'000)	
18	INTANGIBLE ASSETS			
	Project under development	18.2	176,736	160,930
	Software	18.3	107,977	-
			284,713	160,930
18.1	**Cost**			
	Opening balance		160,930	-
	Additions : Project under development	18.2	15,806	160,930
	Additions : Software	18.3	107,977	-
	Closing balance		284,713	160,930
	Accumulated amortisation			
	Opening balance		-	-
	Amortisation charge		32,393	-
	Closing balance		32,393	-
	Net book value			
	Cost		284,713	160,930
	Accumulated amortisation		32,393	-
	Closing balance		252,320	160,930
	Amortisation rate per annum			
	Project under development		5%	5%
	Software		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 the computer software acquired by the Parent Company during the year. The purchase consideration is payable in monthly installments over a period of two years and the outstanding liability of Rs. 58.83 million (2020: Nil) is included in the trade and other payables.

		Note	2021	2020
19	INVESTMENT PROPERTY		(Rupees'000)	
19.1	**Reconciliation of carrying amount**			
	Balance at 01 July		65,000	60,000
	Increase in fair value	19.2	5,000	5,000
	Balance at 30 June	19.1.1	70,000	65,000

19.1.1 This represents piece of land, located at Gwadar, owned by the Parent Company held for capital appreciation. On 30 June 2021, 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	FSV
	(Sq. yards)	Rs. '000'
Khasra no. 59 min, khewat no.12, and khatooni no. 12, katat 20, mouza ankara north, tehsil & district Gwadar, Balochistan	**484,000**	**59,500**

19.2 Increases in fair value are recognised as gains in consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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		Country of incorporation / Jurisdiction	Amount in Foreign Currency	Percentage of holding	Note	2021	2020
						(Rupees'000)	
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	633,133	617,323
						633,133	617,323
	Investment in jointly controlled entity - unquoted						
	Pearl Continental Hotels Limited	United Arab Emirates	$4,750,000	50%	20.4	-	-
	Other investments						
	Fair value through other comprehensive income - unquoted company						
	Malam Jabba Resorts Limited					1,000	1,000
	Impairment loss					(1,000)	(1,000)
						-	-
						633,133	617,323

20.1 **Hashoo Group Limited**

The Parent Company holds 98,000 (2020: 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	53rd street 16th Floor Panama, the republic of Panama

20.2 **Hotel One (Private) Limited**

The Parent Company holds 500,000 (2020: 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, however HOPL is performing well and the management is hopeful for recovery of the impairment in near future.

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20.3 Jubilee General Insurance Company Limited

The Parent Company holds 15,056,661 (2020: 15,056,661 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	2021	2020
	(Rupees'000)	
Cost of investment	1,534,082	1,534,082
Share of equity brought forward	1,761,859	1,655,694
Share of profit for the year - net	136,317	89,998
Share of surplus on remeasurement of FVOCI for the year	2,196	12,687
Share of experience adjustments on defined benefit obligation of associate	336	(759)
Share of exchange translation reserve for the year	(103,678)	45,302
Dividend received	(52,698)	(41,063)
	(17,528)	106,165
	1,744,331	1,761,859
Impairment losses		
Opening balance	(2,678,618)	(2,573,822)
Reversal / (loss) recognised during the year	33,338	(104,796)
	(2,645,280)	(2,678,618)
	633,133	617,323

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	
	2021	2020	2021	2020	2021	2020
			(Rupees'000)			
Non current assets	11,681,435	12,427,012	379,901	161,278	13,873,854	13,610,939
Current assets	210,300	238,165	426,334	481,670	11,725,782	10,071,979
Non current liabilities	-	-	374,197	105,885	9,470,531	9,181,764
Current liabilities	464,487	485,187	215,613	208,844	6,645,511	6,177,710
Net assets	11,427,248	12,179,990	216,425	328,219	9,483,594	8,323,444
Group share in net assets	1,599,815	1,705,199	38,632	58,587	719,331	631,333
Impairment	(1,600,193)	(1,705,578)	(59,965)	(60,103)	(1,002,737)	(930,550)
Other adjustments	379	379	21,333	1,516	13,747	13,747
Goodwill	-	-	-	-	709,299	709,299
Impact of policy alignment	-	-	-	-	193,493	193,493
Carrying amount of interest in associate	-	-	-	-	633,133	617,323
Revenues	-	-	365,134	392,738	7,607,809	6,800,238
Expenses	22,176	34,024	(365,906)	(418,648)	(5,767,875)	(5,489,938)
Profit / (loss)	22,176	34,024	(772)	(25,910)	1,839,934	1,310,300
Group share of profit / (loss)	(3,105)	(4,763)	(138)	(4,625)	139,559	99,386

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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 2021.

20.4 Pearl Continental Hotels Limited

The Parent Company holds 95 (2020: 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. Chudrigar Road Karachi

20.4.1 Investment in jointly controlled entity

	2021	2020
	(Rupees'000)	
Cost of investment	284,052	284,052
Post acquisition loss brought forward	51,956	45,727
Share of loss for the year	(2,539)	(2,219)
Share of exchange translation reserve for the year	(18,636)	8,448
	(21,175)	6,229
	30,782	51,956
	314,834	336,008
Impairment losses		
Opening balance	(336,008)	(329,779)
Reversal / (loss) recognised during the year	21,175	(6,229)
	(314,834)	(336,008)
	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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		2021	2020
20.4.2	**Summarised financial information of jointly controlled entity is as follows:**	(Rupees'000)	
	Non current assets	-	-
	Current assets	688,505	734,209
	Non current liabilities	-	-
	Current liabilities	52,132	55,442
	Net assets	636,373	678,767
	Group share of net assets	318,187	339,384
	Opening balance of Impairment	(336,008)	(329,779)
	Impairment resersal / (loss) recognized during the year	21,175	(6,229)
	Other adjustments	(3,354)	(3,376)
	Carrying amount of interest in jointly controlled entity	-	-
	Revenues	-	-
	Expenses	(5,077)	(4,438)
	Loss	(5,077)	(4,438)
	Group share of loss	(2,539)	(2,219)

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 2021.

20.5 All the investments in associated companies been made in accordance with the provisions of Section 199 of the Companies Act, 2017 and the rules formulated for this purpose.

		Note	2021	2020
21	LONG TERM DEPOSITS AND PREPAYMENTS		(Rupees'000)	
	Deposits	21.1	28,181	33,657
			28,181	33,657

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

			2021	2020
22	ADVANCE AGAINST EQUITY INVESTMENT		(Rupees'000)	
	Foreepay (Private) Limited	22.1	678,530	426,280
	Xoop Technologies (Private) Limited	22.2	246,609	215,914
			925,139	642,194

22.1 Subsequent to the year end, the Group has signed a share purchase agreement with Foreepay (Private) Limited for purchase of 99% shareholding. Further, the accosicated company is in process of obtaining approval.

22.2 These Companies are in the process of issuing shares .

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23	INVENTORIES		2021	2020
			(Rupees'000)	
	Stores		207,392	137,563
	Spare parts and loose tools		62,980	87,831
	Stock in trade - food and beverages		92,327	68,592
			362,699	293,986
	Provision for obsolescence	23.1	(3,781)	(2,056)
			358,918	291,930

23.1 This represents expense for the year amounting to Rs.1.725 million (2020: Rs. 0.41 millin) on account of provision for slow moving items.

24	DEVELOPMENT PROPERTIES	2021	2020
		(Rupees'000)	
	Land	3,142,801	3,213,885
	Advance for purchase of land	550,000	550,000
		3,692,801	3,763,885

24.1 Particulars of land included in development properties of the Group are as follows:

Location	Address	Particulars	Landarea (Acres)
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	11.26
Faisalabad	Moza Chak No 164 Rab, Tehsil Chak Jhumra	Land	21.12
Faisalabad	Moza Chak No 164 Rab, Tehsil Chak Jhumra	Land	4.13
Faisalabad	Moza Chak No 164 Rab, Tehsil Chak Jhumra	Land	2.76
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	1.54
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	13.67
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	8.14
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	3.08
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	0.92
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	0.75
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	1.69
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	0.97
Multan	Mouza Kotla Abdul Fateh, Tehsil Multan City	Land	9.51
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
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	5.26
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	2.54
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	0.17
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	0.54
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	0.60
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	0.06
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	1.31
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	2.33
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	0.54
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	8.08

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25 TRADE DEBTS - Unsecured	Note	2021	2020
		(Rupees'000)	
Considered good			
Due from related parties	25.1	16,023	18,645
Others		402,062	197,906
		418,085	216,551
Considered doubtful		293,303	419,189
		711,388	635,740
Provision against doubtful debts at 01 July		(419,189)	(306,317)
Expected credit loss on trade debts for the year		125,885	(112,872)
Balance at 30 June	25.3	(293,304)	(419,189)
		418,084	216,551

25.1 Due from related parties	Maximum amount outstanding at the end of any month during the year 2021	Maximum amount outstanding at the end of any month during the year 2020	Note	2021 (Rupees'000)	2020 (Rupees'000)
Associated Builders	13	13		13	13
Hashwani Hotels Limited	7,173	14,955		7,173	11,525
Hashoo Foundation	322	164		322	319
Hashoo Hunar Associates	441	-		306	-
Hotel One (Private) Limited	4,041	2,732		4,041	2,803
Hashoo Holdings (Private) Limited	441	206		408	408
Jubilee General Insurance Company Limited	59	68		59	25
Orient Petroleum Inc.	1,423	1,348		1,423	1,348
Pearl Ceramics (Private) Limited	-	204		-	204
Pearl Communications (Private) Limited	382	382		382	382
Pearl Real Estate Holdings (Private) Limited	265	272		182	265
Nirvana	538	538		538	538
Tejari Pakistan (Private) Limited	1,723	755		1,059	668
Zahdan Retail (Private) Limited	68	65		65	65
Zaver Mining (Private) Limited	50	50		50	50
Karakorum Security Services (Private) Limited	29	54		2	32
			25.2	16,023	18,645

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25.2	Age analysis of due from related parties is as follows:	2021	2020
		(Rupees'000)	
	Past due by 30 days	1,970	1,902
	Past due by 31 to 90 days	3,486	4,599
	Past due over 91 days	5,136	7,269
	Past due over 1 year	5,431	4,875
		16,023	18,645

25.3 This includes provision of Rs. 6.31 million (2020: Rs. 2.55 million) against doubtful debts.

26	ADVANCES, PREPAYMENTS, TRADE DEPOSITS AND OTHER RECEIVABLES	Note	2021	2020
			(Rupees'000)	
	Advance to employees	26.1	12,983	15,305
	Advance to suppliers and contractors		60,545	47,601
	Advance to related parties	26.2	10,265	28,414
	Trade deposits	26.3	16,282	15,512
	Prepayments	26.4	30,035	57,973
	Refundable sales tax		140,838	135,967
	Other receivables		66,771	90,373
			337,719	391,145

26.1 These advances are given as per company policy and are un-secured, interest free and are repayable over varying periods.

26.2	Advance to related parties - non-interest bearing	Note	2021	2020
			(Rupees'000)	
	OPI Gas (Private) Limited		10,217	14,176
	Genesis Trading (Private) Limited		48	106
	Pearl Ceramics (Private) Limited		-	14,132
		26.2.1	10,265	28,414

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. 2.82 million (2020: Rs. 2.82 million) of related parties.

26.4 This includes amount of Rs. 4.38 million (2020: Rs. 6.60 million) of related parties.

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27 SHORT TERM INVESTMENTS	Note	2021 (Rupees'000)	2020 (Rupees'000)
Amortized cost			
Certificate of investments		5,300	5,300
Provision for impairment loss		(5,300)	(5,300)
		-	-
Fiar value through other comprehnsive 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	565,523	565,523
Term Finance Certificate	27.2	75,000	75,000
Mutual Fund		3,099	3,013
Interest accrued		7,050	10,571
		650,672	654,107
Financial assets at fair value through profit or loss			
Short term investments in shares of listed companies	27.3	7,781	5,399
		658,453	659,506

27.1 This represent term deposit receipts having maturity of 3 months to one year carrying interest rate ranging from 5.50% to 6.50% (2020: 7.50% to 9.50%) per annum.

27.2 This represent investment in 750 TFCs having face value of Rs.100,000/-each and carrying profit @ 3-month KIBOR plus1.60%.

27.3 **Short term investments in shares of listed companies**

	2021	2020	2021	2020
	No. of ordinary shares of Rs. 10 each		(Rupees'000)	
Pakistan Telecommunication Company Limited	350,000	350,000	4,144	3,108
Lotte Chemical Pakistan Limited	150,000	150,000	2,316	1,493
Fauji Fertilizer Bin Qasim Limited	50,000	50,000	1,321	798
			7,781	5,399

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28	NON CURRENT ASSET HELD FOR SALE	Note	2021	2020
			(Rupees'000)	
	Property	28.1	**2,748,739**	2,748,739
	Land	28.2	-	160,000
	Under construction Hotel Pearl Continental Multan	28.3	**3,693,459**	-
			6,442,198	2,908,739

28.1 The Board of Directors of the Parent Company in their meeting held on 26 April 2019 decided to sell property (land and building) bearing Survey No. 8, New Survey Sheet Cl-11 situated at Civil Line Quarters Abdullah Haroon Road, Karachi. The transaction could not be materialized due to disturbed economic environment in current pandemic Covid-19 scenario, however, management expects the disposal of this property within the next financial year.

28.2 This represents piece of land measuring 20 Acres bearing plot no. HR-WE-1, Lane no. CV-1, street no. AB, phase-IV, mauza / ward, koh-e-batil, tehsil & district Gwadar, Balochistan.The sale of this land has been completed during the year.

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 during the next twelve months from the reporting date at an agreed value of Rs. 4 billion 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 included in capital work in progress amounting to Rs. 3,258.55 million along with advance of Rs. 74.91 million and land of Rs. 360 million has been classified as non-current assets held for sale since the Company expects that the advance will be converted into cost at the time of debt property swap.

28.4	**Movement in non-current assets held for sale during year is as follows:**	**Note**	2021	2020
			(Rupees'000)	
	Opening balance		**2,908,739**	2,748,739
	Transfer from operating fixed assets	28.4.1	**455,113**	160,000
	Transfer from operating fixed assets	28.3	**360,000**	-
	Transfer from capital work in progress	28.3	**3,258,553**	-
	Transfer from advances for capital expenditure	28.3	**74,906**	-
			4,148,572	160,000
	Disposals		**(615,113)**	-
			6,442,198	2,908,739

28.4.1 This represents commercial property (Hotel One, the Mall, Lahore) bearing No.S-19R-136/I having book value of Rs. 455.113 million, for which during the year the Board of Directors approved the disposal, and sale was completed during the year.

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28.5 Detail of disposal:

Description	Cost / revalue amount	Carrying value	Net - proceeds	Gain	Mode of disposal	Purchaser	Relationship with purchaser
	(Rupees'000)						
Land	160,000	160,000	161,136	1,136	Negotiaion	Various	-
Land	430,000	430,000	469,391	39,391	Negotiaion	Elahi Group of Companies	-
Building	42,303	21,745	23,737	1,992	Negotiaion	Elahi Group of Companies	-
Plant and machinery	5,711	1,829	1,997	168	Negotiaion	Elahi Group of Companies	-
Furniture, fixture and equipment	3,892	1,421	1,550	129	Negotiaion	Elahi Group of Companies	-
Aggregate of other items with individual book values not exceeding Rs. 500,000	641	118	129	11	Negotiaion	Elahi Group of Companies	-
Total - 2021	642,547	615,113	657,939	42,826			
Total - 2020	-	-	-	-			

		Note	2021	2020
29	**ADVANCE TAX - NET**		(Rupees'000)	
	Balance at 01 July		532,462	559,147
	Income tax paid during the year		149,624	277,359
	Charge for the year	39	(133,814)	(123,412)
	Refund received during the year		-	(180,632)
	Balance at 30 June		548,272	532,462
30	**CASH AND BANK BALANCES**			
	Cash in hand		30,833	27,173
	Cash at bank			
	Current accounts - Local currency		110,122	24,859
	Deposit accounts - Local currency	30.1	251,791	391,833
	Deposit accounts - Foreign currency	30.2	1,045	2,129
			362,958	418,821
	Accrued profit		323	782
			394,114	446,776

30.1 Deposit accounts carry interest rate ranging from 5.50% to 6.50% (2020: 5% to 11.30%) per annum.

30.2 Deposit accounts carry interest @ 0.25% (2020: 0.25%) per annum.

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31	REVENUE- NET	2021	2020
		(Rupees'000)	
	Gross revenue	8,361,532	10,234,484
	Discounts	(183,109)	(151,090)
	Sales tax	(1,101,428)	(1,302,322)
		7,076,995	8,781,072

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	2021	2020
		(Rupees'000)	
Rooms		3,125,585	4,115,805
Food and beverages		4,255,325	4,819,904
Other related services	31.2	598,152	548,587
Fee revenue from franchise & management properties		174,729	38,695
Vehicle rental		65,134	108,626
Revenue from real estate segment		98,519	560,000
Shop license fees		44,088	42,867
Revenue - gross		8,361,532	10,234,484

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

31.3 Revenue amounting to Rs. 238.41 (2020: Rs. 183.27) million has been recognized from contract liabilities at the beginning of the period.

31.4 Group's entire revenue is generated within Pakistan.

32	CONTRACT BALANCES	Note	2021	2020
			(Rupees'000)	
	Contract assets	32.1	22,863	3,578
	Contract liabilities	32.2	512,381	403,933

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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33	COST OF SALES AND SERVICES	Note	2021	2020
			(Rupees'000)	
	Food and beverages			
	Opening balance		68,592	86,229
	Purchases during the year		1,417,101	1,277,944
	Closing balance		(92,327)	(68,592)
	Consumption during the year		1,393,366	1,295,581
	Direct expenses			
	Salaries, wages and benefits	33.1	1,075,337	1,633,198
	Heat, light and power		689,170	812,123
	Repair and maintenance		247,508	324,933
	Depreciation	16.1.6	836,113	875,886
	Amortization		29,154	-
	Guest supplies		178,527	184,241
	Linen, china and glassware		66,184	68,858
	Communication and other related services		6,642	8,776
	Laundry and dry cleaning		48,962	4,349
	Banquet and decoration		32,597	47,354
	Transportation		967	9,492
	Uniforms		10,702	11,607
	Music and entertainment		10,895	16,780
	Insurance		1,922	2,561
	Vehicle operating expense		13,854	25,192
	Vehicle rentals and registration charges		7,605	11,829
	Franchise fee	33.2	13,174	19,682
	Others	33.3	222,677	681,478
			4,885,356	6,069,920

33.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 90.01 million (2020: Rs. 69.65 million).

33.2 This inlcudes franchise fee of Rs. 8.37 million (2020: Rs.12.78 million) paid to a franchisor, DOTW Holdings Limited, having its office at Satha tower, level 32, suite 3210-3212, Dubai Media City, Dubai, and Rs. 4.80 million (2020: Rs. 6.91 million) to an assocaited Company Hotel One (Pvt) Ltimited, having its registered office at 1st floor NESPAK House sector G-5/2 , Islamabad.

33.3 This also includes an amount of Rs. 113.39 million (2020: 80.630 million) relating to incremental costs of obtaining customer contracts.

34	OTHER INCOME	2021	2020
		(Rupees'000)	
	Concessions and commissions	1,405	3,583
	Gain on disposal of property, plant and equipment	53,790	-
	Gain on disposal of held for sale asset	42,826	-
	Liabilities written back	109,504	-
	Increase in fair value of investments property	5,000	5,000
	Communication towers and other rental income	67,581	65,803
	Insuracne claim	4,687	160,142
	Others - net	73,119	70,566
		357,912	305,094

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35	ADMINISTRATIVE EXPENSES	Note	2021	2020
			(Rupees'000)	
	Salaries, wages and benefits	35.1	909,606	1,343,567
	Rent, rates and taxes		107,686	178,448
	Security and protective services		216,007	278,695
	Advertisement and sales promotion		98,933	78,481
	Repair and maintenance		35,035	51,986
	Heat, light and power		79,751	99,799
	Travelling and conveyance		52,823	126,645
	Depreciation	16.1.6	181,558	195,133
	Amortization		3,239	-
	Communications		16,837	22,865
	Printing and stationery		28,383	35,836
	Legal and professional charges		104,453	266,398
	Insurance		96,540	132,722
	Entertainment		8,411	13,867
	Subscriptions		105,343	105,042
	Laundry and dry cleaning		4,014	8,586
	Uniforms		2,710	2,731
	Auditors' remuneration	35.2	9,088	8,473
	Vehicle rentals and registration charges	35.3	14,249	59,447
	Miscellaneous		21,833	99,979
			2,096,499	3,108,700

35.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 70.08 million (2020: Rs. 85.97 million).

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FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
35.2	Auditors' remuneration	(Rupees'000)	
	KPMG Taseer Hadi & Co.		
	Audit Services		
	Annual audit fee	5,286	4,670
	Audit of consolidated financial statements	630	655
	Half yearly review	805	520
		6,721	5,845
	Non-audit Services		
	Special reports and certificates	950	800
	Tax advisory	305	200
		1,255	1,000
		7,976	6,845
	BDO Ebrahim & Co.		
	Annual audit fee of subsidiaries and associated companies	963	598
	Special reports and certificates	149	1,030
		1,112	1,628
		9,088	8,473

35.3 This includes Ijarah payments of Rs. 14.22 million (2020: Rs. 54.76 million) and vehicles registration charges 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.

	2021	2020
	(Rupees'000)	
Within one year	9,581	14,483
After one year but not more than five years	7,916	18,047
	17,497	32,530

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			2021	2020
36	**OTHER EXPENSE**		(Rupees'000)	
	Write down adjustment - Capital work in progress	16.2.2	94,394	174,562
	Impairment loss on advance for puchase of land	17.3	40,000	-
	Loss on disposal of property, plant and equipment		-	117,908
			134,394	292,470
37	**FINANCE INCOME**			
	Interest income on Bank deposits / certificate of investments		53,325	127,857
	Dividend income		113	401
	Impairment reversal on associates and jointly controlled entity		54,512	-
	(Loss) / Exchange gain - net		-	1,734
			107,950	129,992
38	**FINANCE COST**			
	Interest expense on:			
	Loans and borrowings		342,878	639,115
	Short term borrowings		194,180	293,353
	Sukuk finance		471,940	673,991
	Amortization of transaction cost		13,406	18,946
	Lease facilities		26,886	38,305
	Interset on deferred payament		104,641	-
	Interset on preference shares		16,855	-
	Credit cards, bank and other charges		75,309	72,373
	Exchange loss		677	-
	Impairment on associates and jointly controlled entity		-	111,025
			1,246,772	1,847,108
39	**INCOME TAX EXPENSE**			
	Current tax expense			
	- Current year		116,248	123,369
	- Prior year		17,566	43
			133,814	123,412
	Deferred tax expense		(237,319)	(92,439)
	Tax expense for the year		(103,505)	30,973
39.1	**Relationship between accounting profit and tax expense is as follows:**			
	Accounting (Loss) for the year		(558,120)	(2,127,828)
	Tax charge @ 29% (2020: 29%)		(161,855)	(617,070)
	Unrecognized deferred tax asset		-	-
	Tax effect of minimum tax		112,179	105,970
	Tax effect of permanent differences		(46,178)	489,391
	laibilities written back		(31,756)	-
	Tax effect of income subject to lower taxation		7,393	(12,025)
	Prior year's tax charge		17,566	(43)
	Others		(854)	2,804
			(103,505)	(30,973)

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39.2 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 2020. 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 (2020: Rs. 73.165 million) may arise against the 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 Parent 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 inland revenue officer passed an order under section 122(5A) of the Income Tax Ordinance, 2001 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 appellete Order of the CIR(A) was however challenged by the Department before the honorable Appellate Tribunal Inland Revnue [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 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, which is pending 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 on 23.07-2021 against the order passed by the Assistant/Deputy Commissioner of Inland Revenue, (ACIR) u/s 122(1) of the Income Tax Ordinance, 2001 dated 29-06-2021 for the Tax Year 2015, which is pending 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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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.

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 Parent 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 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 Company for the period from July 2012 to September 2014. The Parent 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. Sale Tax audit for the year 2016, case under sales tax Act 1990 is opened u/s 72B with section 25 vide notice # C. No. CIR/Zone-IV/2017-18/507. Case is still under process while Group has replied various several notices issued by the department and hence a provision on this matter has not been recognized.

vi. A show cause notice issued by Commissioner in land Revenue Corporate Karachi under sales tax Act 1990 u/s 3(1) which define that no adjustment of input tax is allowed to services provider of the ICT tax on services ordinance 2001. Group is pursuing the case through sales tax consultant and still open at sales tax office and hence a provision on this matter has not been recognized.

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40 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES

	Note	2021	2020
		(Rupees'000)	
Loss before tax		(558,120)	(2,127,828
Adjustments for:			
Depreciation	16.1.6	1,017,671	1,071,019
Amortization		32,393	-
(Gain) / loss on disposal of property, plant and equipment	34	(53,790)	117,908
Gain on disposal of held for sale assets	34	(42,826)	-
Provision for staff retirement benefit - gratuity	10.1.3	87,131	128,316
Provision/ (reversal) for compensated leave absences	10.2.3	26,418	(33,771)
(Reversal) /impairment loss on trade debts		(125,885)	112,872
Return on bank deposits / certificate of investment	37	(53,325)	(127,857)
Share of gain on equity accounted investments		(133,778)	(87,779)
Finance cost	38	1,246,772	1,847,108
Dividend income	37	(113)	(401)
Reversal / (impairment) on associates and jointly controlled entity	37	(54,512)	-
Unrealized gain /(loss) on remeasurement of investment to fair value		(2,381)	695
Unrealised gain on remeasurement of investments property	34	(5,000)	(5,000)
Impairment loss		134,394	-
Gain on lease modification		(435)	(5,741)
Provision on stores, spare parts and loose tools	23.1	1,725	414
		1,516,339	889,955

41 CASH AND CASH EQUIVALENTS

	Note	2021	2020
Cash and bank balances	30	394,114	446,776
Short term borrowings	12	(2,612,631)	(2,657,284)
Accrued profit		(323)	(782)
Accrued markup on short term borrowings		34,631	70,098
		(2,184,209)	(2,141,192)

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 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 peference 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 laibilities	-	2,139	-	-	-	2,139
Markup 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

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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 2019	14,683,679	94,844	9,242	1,528	14,789,293
Changes from financing activities					
Proceeds from loans	980,919	-	-	-	980,919
Repayment of loan	(1,692,222)	-	-	-	(1,692,222)
Lease liabilities	-	(101,373)	-	-	(101,373)
Advance against issuance of shares	148,793	-	-	-	148,793
	(562,510)	(101,373)	-	-	(663,883)
Other changes					
Amortization of transaction cost	18,946	-	-	-	18,946
Lease liabilities	-	365,613	-	-	365,613
Markup accrued	273,641	-	-	-	273,641
	292,587	365,613	-	-	658,200
Balance at 30 June 2020	14,413,756	359,084	9,242	1,528	14,783,610

42 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2021			2020		
	Chief Executive Officer	Directors	Executives	Chief Executives Officer	Directors	Executives
	Rupees '000					
Managerial remuneration	**64,596**	**58,113**	**250,787**	63,000	58,796	522,328
Provident fund contribution	**3,999**	**847**	**7,460**	3,999	3,523	15,155
Provision for gratuity	**3,945**	**3,632**	**4,399**	3,945	3,671	26,139
Provision for compensated leave absences	-	-	**9,066**	-	-	17,481
Bonus	-	-	-	-	1,876	-
Leave fare assistance	**1,995**	-	**176**	2,000	1,241	-
Meeting fee	**30**	**390**	-	45	435	-
	74,565	***62,982**	**271,888**	72,989	*69,542	581,103
Number of persons	1	2	74	1	2	111

* This includes Rs. Nil (2020: Rs. 7.43 million) and meeting fee of Rs. 285,000 (2020: Rs. 285,000) 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 Group maintained vehicles having carrying value of Rs. 83.14 million (2020: Rs. 121.67 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 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	
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	Mr. Tahir Mahmood -Chief Financial Officer	-
	Mr. Mansoor Khan -Company Secretary	-
Directors as Board of trustees	Hashoo Foundation	-
	Hashoo Hunar Associates	
Significant influence	Genesis Trading (Private) Limited	-
	Karakoram Security Services (Private) Limited	-
Significant influence of relative of Director	Nirvana, a partnership firm	-
Staff retirement fund	PSL Employees Provident Fund Trust	-

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	Note	2021	2020
		(Rupees'000)	
Transactions with associated undertakings			
Sales		162	185
Services provided		20,271	30,453
Services availed		285,423	360,698
Purchases		88,598	116,950
Franchise fee - income		3,247	3,330
Franchise and management fee - expense		4,805	6,906
Dividend income		52,698	41,064
Purchase of property, plant and equipment		29,401	155
Sale of asset		-	44
Loan received		217,028	50,000
Advance against issuance of shares		28,503	-
Loan repaid		700	-
Transactions and balances with other related parties			
Sales		596	343
Services provided		15	241
Services availed		14,292	1,092
Purchases		5,738	1,522
Contribution to defined contribution plan - provident fund		43,239	58,680
Transactions with key management personnel			
Remuneration and allowances including staff retirement benefits	43.1	234,612	263,494
Loan from key management personnel		172,800	518,530
Refund of loan to key management personnel		211,000	220,000

43.1 **Compensation to key management personnel**

	2021	2020
Salaries and other benefits	201,515	220,829
Contribution to provident fund	7,952	14,618
Gratuity	21,711	21,271
Bonus	-	1,876
Meeting fee	420	480
Others	3,014	4,420
	234,612	263,494
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							
30 June 2021		Fair value through profit or loss	Amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
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	-	-	28,181	28,181
Short term deposits	26	16,282	-	-	16,282	-	-	16,282	16,282
		52,244	-	-	52,244	7,781	-	44,463	52,244
Financial assets not measured at fair value	44.2								
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 laibilities		-	-	18,801	18,801	-	-	-	-
Short term borrowings	12	-	-	3,139,289	3,139,289	-	-	-	-
Lease iabilities	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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	Note	Carrying amount				Fair value			
		Amount in Rs'000							
30 June 2020		Fair value through profit or loss	Amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Short term investment	27	5,399	-	-	5,399	5,399	-	-	5,399
Long term deposits	21	33,657	-	-	33,657	-	-	33,657	33,657
Short term deposits	26	15,512	-	-	15,512	-	-	15,512	15,512
		54,568	-	-	54,568	5,399	-	49,169	54,568
Financial assets not measured at fair value									
Trade debts	25	-	216,551	-	216,551	-	-	-	-
Contract assets	32	-	3,578	-	3,578	-	-	-	-
Advance to employees	26	-	15,305	-	15,305	-	-	-	-
Other receivables	26	-	90,373	-	90,373	-	-	-	-
Short term investment	27	-	640,523	-	640,523	-	-	-	-
Cash and bank balances	30	-	446,776	-	446,776	-	-	-	-
		-	1,413,106	-	1,413,106	-	-	-	-
Financial liabilities not measured at fair value	44.2								
Loans and borrowings	8	-	-	13,884,747	13,884,747	-	-	-	-
Other non-current laibilities		-	-	-	-	-	-	-	-
Short term borrowings	12	-	-	3,040,614	3,040,614	-	-	-	-
Lease iabilities	9	-	-	359,084	359,084	-	-	-	-
Trade and other payables	13	-	-	2,332,462	2,332,462	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	19,627,677	19,627,677	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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 analyze 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 profit or loss were as follows.

	2021	2020
	(Rupees'000)	
Expected credit losses on trade debts and contract assets arising from contract with customers	(125,885)	112,872

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 2021

The risk management committee has established a credit policy under which each new customer is analyzed 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 the risk management committee.

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

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.

	2021		2020	
	Trade debts	Contract assets	Trade debts	Contract assets
	(Rupees '000)		(Rupees '000)	
Pearl Continental Hotel				
- Karachi	176,949	5,239	129,621	2,906
- Lahore	267,353	6,126	210,685	654
- Rawalpindi	50,529	1,381	33,254	-
- Peshawar	72,508	4,130	38,101	18
- Bhurban	44,408	4,129	26,572	-
- Muzaffarabad	14,549	1,858	4,220	-
- Hotel One The Mall, Lahore	10,194	-	10,326	-
Destinations of the World - Pakistan	44,625	-	140,035	-
Pearl Tours & Travels (Private) Limited	30,273	-	42,926	-
	711,389	22,863	635,740	3,578

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

	Note	2021	2020
		(Rupees'000)	
From related parties		16,023	18,645
From government institutions		36,462	26,887
From foreign embassies		10,889	4,134
Others		670,877	589,653
	25 & 32	734,251	639,319

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

	Note	2021	2020
		(Rupees'000)	
Customers with external credit rating of A1+ to A3		37,835	14,608
Customers without external credit rating		673,554	621,132
Total gross carrying amount		711,389	635,740
Allowance for expected credit losses		(293,304)	(419,189)
		418,085	216,551

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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 GDP forecast, unemployment rate, Consumer Price Index and exchange rate which are as follows:

Years	GDP Forecast	Unemployment rate	Consumer price index	Exchange rate
2021	3.80	11.00	9	157.40
2020	(3.60)	6.00	9.1	168.30
2019	3.10	4.45	8.4	150.10
2018	5.83	6.00	5.08	121.82
2017	5.55	5.8	4.09	105.46

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 2021

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 2021.

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
30-Jun-21	%	(Rupees' 000)		
Current	1.3%	227,198	2,932	No
0-30 days past due	2.9%	63,731	1,823	No
30-60 days past due	6.0%	37,652	2,271	No
60-90 days past due	15.0%	40,095	6,008	No
91-150 days past due	17.1%	41,981	7,183	No
151 days and above	84.4%	323,594	273,026	No
		734,251	293,242	
30-Jun-20				
Current	16.7%	41,918	6,995	No
0-30 days past due	28.3%	15,164	4,298	No
30-60 days past due	26.3%	12,155	3,199	No
60-90 days past due	69.4%	63,822	44,283	No
91-150 days past due	53.6%	173,416	92,901	No
151 days and above	80.4%	332,843	267,513	No
		639,318	419,189	

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.

	2021	2020
	(Rupees '000)	
Balance at 01 July	419,189	306,317
Remeasurement of loss allowance	(125,885)	112,872
Balance as at 30 June	293,304	419,189

ii **Long term deposits**

The Group held long term deposits of Rs. 28.18 million as at 30 June 2021 (2020: Rs. 33.66 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 2021

iii **Short term advances**

The Group held short term advances of Rs. 83.79 million as at 30 June 2021 (2020: Rs. 91.32 million). These short term advances are recoverable from the , employees, related parties and suppliers of goods and services.

Impairment on short term advances has 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. 83.05 million as at 30 June 2021 (2020: Rs. 105.89 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. 643.62 million as at 30 June 2021 (2020: Rs. 640.52 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. 362.96 million as at 30 June 2021 (2020: Rs. 418.82 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.

There were no defaults on loans payable during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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)			
2021					
Loans and borrowings	8	**14,725,080**	**16,123,380**	**2,354,071**	**13,769,309**
Other non current laibilities		**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	**21,907,796**	**7,595,202**	**14,312,593**
2020					
Loans and borrowings	8	13,884,747	17,147,030	5,762,077	11,384,953
Other non current laibilities		-	-	-	-
Lease liabilities	9	359,084	775,055	140,981	634,074
Trade and other payables	13	2,332,462	2,332,462	2,332,462	-
Short term borrowings	12	3,040,614	3,040,614	3,040,614	-
Unclaimed dividend		9,242	9,242	9,242	-
Unpaid dividend		1,528	1,528	1,528	-
		19,627,677	23,305,931	11,286,904	12,019,027

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 2021

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:

	2021		2020	
	(Rupees'000)	USD' 000	(Rupees' 000)	USD' 000
Bank balance	1,045	6.64	2,129	12.63
Trade and other payable	58,828	373.75	-	-

The following significant exchange rate applied during the year:

	Average rates		Balance sheet date rate	
	2021	2020	2021	2020
PKR/ US Dollars	159.77	158.82	157.40	168.51

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.

	2021	2020
	(Rupees'000)	
Increase in 5% USD rate	(2,889)	106
Decrease in 5% USD rate	2,889	(106)

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 2021

Exposure to interest rate risk:

	2021	2020	2021	2020
	Effective interest rates %		(Rupees' 000)	
Variable rate instruments				
Financial assets	0.25 to 6.50	0.25 to 11.30	**252,836**	393,962
Variable rate instruments				
Financial assets	-	-	-	-
	KIBOR +	KIBOR +	-	-
Financial liabilities	0.6 to 1.5	0.6 to 1.5	**(18,104,026)**	(16,675,734)

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 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. 178.52 million (2020: Rs. 162.82 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

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. 0.08 million (2020: Rs. 0.06 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 2020 and assumes that all other variables remain the same.

Assets carried at fair value	Level 1	Level 2 (Rupees '000)	Level 3
2021			
Financial assets at fair value through profit or loss - held for trading	**7,781**	-	-
2020			
Financial assets at fair value through profit or loss - held for trading	5,399	-	-

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 2021

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:

	2021	2020
	(Rupees'000)	
Increase in profit after tax for the year	1,487	3,026
Derecognition of property, plant and equipment	(162,616)	(181,376)
Recognition of intangible asset	340,233	357,245
Recognition of financial liability	(27,884)	(28,230)
Increase in taxation obligations	607	1,236
Increase in unappropriated profits	104,336	103,456

46 CAPACITY - OWNED

	Note	No. of rooms		Average occupancy	
		2021	2020	2021	2020
Pearl Continental Hotel				%	%
- Karachi		288	288	51	55
- Lahore		607	607	39	52
- Rawalpindi		200	200	48	44
- Peshawar		148	148	54	42
- Bhurban		197	197	61	50
- Muzaffarabad		102	102	38	25
- Hotel One The Mall, Lahore	46.1	-	32	46	58

46.1 This property has been disposed during the year.

47 OPERATING SEGMENTS

The type of services and product offered by the hotel properties are similar in nature, and type or class of customer is also same and with respect to subsidiaries companies quantitative threshold is not meet hence segment reporting is not considered.

48 NUMBER OF EMPLOYEES

	2021	2020
Number of employees at the year end	1,608	1,721
Average number of employees during the year	1,688	2,042

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 2021

50 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

During the year, the novel coronavirus (COVID-19) emerged and on 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, took stringent steps to help contain the spread of the virus, including requiring self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and locking down cities and regions. The events and conditions resulted in disruption to business operations particularly to businesses in highly exposed sectors including hospitality industry and significant increase in economic uncertainty.

Due to the lockdown and restrictions imposed by the Government of Pakistan, the Company's following hotel properties remained fully/partially closed for operations:

PC Karachi partially closed from 17 March 2020 to 10 August 2020
PC Lahore partially closed from 23 March 2020 to 02 August 2020
PC Rawalpinid were fully closed from 24 March 2020 to 01 July 2020
PC Bhurban 19 March 2020 to 10 August 2020
PC Muzaffarabad fully closed from 18 March to 12 August 2020
Hotel One- The Mall were fully closed from 18 March 2020 to 09 July 2020

The Group recognized revenue of Rs. 7,077 million during the year as compared to Rs. 8,781 million in the corresponding period of previous year. The decline is attributed mainly to temporary close-down of operations. There is no impact of COVID-19 on the carrying amounts of assets and liabilities. The impact of COVID-19 on restructuring of loans and the related classification are disclosed in Note 8 and 28.

The material uncertainties relating to going concern assumption, including those arising from impacts of COVID-19 alongwith information relating to management's actions and plans to mitigate adverse financial implications and operational changes are disclosed in Note 2.4.

51 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for better presentation. Following reclassification have been made during the year:

Description of item	Reclassified from	Reclassified to	Amount (Rupees'000)
Amount due but not paid	Employees benefit- Gratuity	Trade and other payables	18,953
Amount due but not paid	Employees benefit - compensated leave absences	Trade and other payables	17,847
Write down adjustment	Other income/ expense	Other expense	174,562
Loss on disposal of property, plant and equipment	Other income/ expense	Other expense	117,908
Franchise & management fee	Other income	Revenue	38,695
Impairment on associates and jointly controlled entity	Finance income	Finance cost	111,025

52 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 29 September 2021.

M.A. Bawany	Shakir Abu Bakar	Tahir Mahmood
Director	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

____

Mansoor Khan

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 Wednesday, October 27, 2021 at 11:00 a.m. at Islamabad Marriott Hotel, and any adjournment thereof.

Dated this _________ day of ________ 2021.

____
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

اختتام سال 30 جون 2021

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 **بدھ** مورخہ 27 اکتوبر 2021 کو اسلام آباد میرٹ ہوٹل میں منعقد ہوگا یا التواء کی صورت میں حاضر ہو کر میری/ہماری نمائندگی کرے۔

مورخہ .... بروز 2021

....
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۔

PAKISTAN SERVICES LTD.

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 investor 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, kindly convey information to your broker participant.


PEARL-CONTINENTAL HOTEL, LAHORE

PAKISTAN SERVICES LTD.

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Tel: +92 51-2272890-8 | Fax: 92 51-2878636

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