



Pearl-Continental  
HOTELS & RESORTS

2023

ANNUAL REPORT



PAKISTAN SERVICES LTD.

K2, GILGIT-BALTISTAN, NORTHERN PAKISTAN





PAKISTAN SERVICES LTD.

2023

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ANNUAL REPORT



Pearl-Continental

HOTELS & RESORTS

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## 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 8 luxury hotels in Karachi, Lahore, Rawalpindi, Bhurban, Muzaffarabad, Hunza, Murree and Malam Jabba, besides one franchised hotel located at Gwadar, comprising total inventory of 1,702 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	
Mr. M. Saleem Ahmed Ranjha	

## AUDIT COMMITTEE

Mr. Shahid Hussain	Chairman
Mr. M. A. Bawany	
Mr. M. Ahmed Ghazali Marghoob	
Mr. Rohail Ajmal	

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Rohail Ajmal	Chairman
Mr. Murtaza Hashwani	
Mr. M. A. Bawany	
Syed Haseeb Amjad Gardezi	
Mr. M. Ahmed Ghazali Marghoob	

## NOMINATION COMMITTEE

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

## RISK MANAGEMENT COMMITTEE

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

## CHIEF FINANCIAL OFFICER

Mr. Tahir Mahmood

## COMPANY SECRETARY

Mr. Muhammad Amir

## AUDITORS

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

## LEGAL ADVISOR

M/s Liaquat Merchant & Associates

## BANKERS

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

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### 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

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### 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

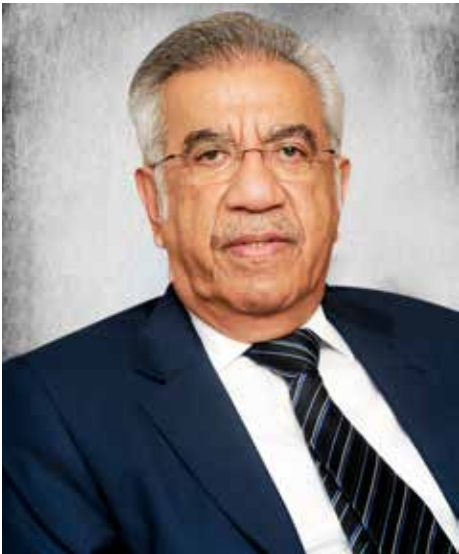




Pearl-Continental Hotel, Muzaffarabad



# 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



Mr. M. Saleem Ahmed Ranjha

# STATUTORY OFFICERS



**Mr. Tahir Mahmood**  
Chief Financial Officer



**Mr. Muhammad Amir**  
Company Secretary



**Syed Nehal Ahmed Zaidi**  
Head of Internal Audit



# NOTICE OF 64<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 64th Annual General Meeting of Pakistan Services Limited will be held on Friday, October 27, 2023 at 11:00 a.m. at Islamabad Marriott Hotel to transact the following business:

1. To confirm the minutes of the Extraordinary General Meeting held on March 16, 2023.
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, 2023.
3. To appoint Auditors for the year 2023-24 and fix their remuneration.

#### SPECIAL BUSINESS:

4. To ratify and approve transactions conducted with Related Parties during the year ended June 30, 2023 by passing the following special resolution with or without modification:

**"RESOLVED THAT** the transactions conducted with Related Parties as disclosed in the Note no. 43 of the unconsolidated financial statements for the year ended June 30, 2023 be and are hereby ratified, approved and confirmed."

5. To authorize the Board of Directors of the Company to approve transactions with Related Parties during the financial year ending June 30, 2024 by passing the following special resolution with or without modification:

**"RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case-to-case basis for the financial year ending June 30, 2024 and these transactions shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

6. To consider, and if thought fit, pass with or without modification, the following resolution[s] as special resolution[s], to substitute the Articles nos. 101 & 102 of the Articles of Association of the Company:

**"RESOLVED THAT** pursuant to Section 38 and all other applicable provisions of the Companies Act, 2017, Article no. 101 & 102 of the existing Articles of Association of the Company be and is hereby substituted to read as follows:

101. The Board of Directors may be authorized to resolve that if it is desirable to capitalise any sum standing to the credit of any of the company's reserve accounts [including any share premium accounts and any capital redemption reserve fund] or any sum standing to the credit of profit and loss account or otherwise available for distribution, provided that such sum be not required for paying the dividends on any shares carrying a fixed commutative preferential dividend and accordingly that the Directors be authorised and directed to appropriate the sum resolved to be capitalised to the members in the same proportions in which such sum would have been divisible amongst them had the same been applied or been applicable in paying dividends on the condition that the same shall not be paid in cash but to apply such sum on their behalf, either in or towards in paying up in full or in part either at par or at such premium as the resolution may provide, for any unissued shares, Term Finance Certificates or Debentures of the Company. Such shares or debentures to be allotted and distributed, credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in one way and partly in the other.

102. Subsequent to the Board of Directors' approval as referred in afore-said Article no. 101, the Directors shall make all appropriations and applications of the sum resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures [if any], and generally shall do all such acts and things as may be required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit in the case of shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation, and any agreement made under such authority shall be effective and binding on all such members;

**FURTHER RESOLVED THAT** approval of the members of the Company be and is hereby accorded that "the Board of Directors of the Company be and is hereby authorized to declare and issue fully paid bonus shares as and when determined by the Board of Directors from unappropriated profits or reserves of the Company;

**FURTHER RESOLVED THAT** the Company Secretary and/or the Chief Executive Officer of the Company be and are hereby singly authorized to do all acts, deeds and things and take all steps and necessary actions ancillary and incidental thereto including but not limited to filing of requisite documents and returns as may be required with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alteration of Articles of Association of the Company and implementing this resolution;

**FURTHER RESOLVED THAT** the aforesaid alteration in the Articles of Association of the Company shall be subject to any amendment, modification, addition or deletion as may be required by any regulatory authority, and such amendment, modification, addition or deletion shall not require fresh approval of members."

7. To consider, and if thought fit, pass with or without modification, the following resolution as a special resolution in pursuance of S.R.O. 389(1)/2023 dated March 21, 2023 of Securities and Exchange Commission of Pakistan (SECP) to authorize the Company to circulate the annual financial statements to its members through QR enabled code and weblink:  
 “RESOLVED THAT the Company be and is hereby authorized to circulate its annual audited financial statements to the members of the Company through QR enabled code and weblink instead of transmitting through CD/DVD/USB as allowed by Securities and Exchange Commission of Pakistan vide its S.R.O. 389(1) / 2023 dated March 21, 2023;  
**FURTHER RESOLVED THAT** the Company Secretary be and is hereby authorized to do all acts, deeds and things, take or cause to be taken any action as may be necessary, incidental or consequential to give effect to this resolution.”
8. To consider any other business with the permission of the Chair.

The Statement under Section 134(3) of the Companies Act, 2017 setting forth all material facts regarding special business given in Agenda items nos. 4, 5, 6 & 7 is annexed to the notice being sent to all the Shareholders.



Muhammad Amir  
Company Secretary

Islamabad: September 28, 2023

**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, 2023 to October 27, 2023** (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 below 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 SECP vide Circular no. 18 dated August 01, 2017, cash dividends will only paid through electronic mode directly in the bank accounts of the Shareholders, therefore Shareholders are requested to provide their bank account details (IBAN) to our share registrar (for physical shares) or to their respective participant / broker (for CDS shares) as the case may be. Form for updating of bank account details (Dividend Mandate Form) is attached with printed Annual Report and also placed on Company's website www.psl.com.pk
- F. 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.

- G. 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 Report 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.
- H. 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 the availability of such facility in that city. The Company will intimate members regarding the 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.
- I. As per Section-72 of the Companies Act, 2017, all listed companies are required to replace its physical shares with book-entry form within four years from the promulgation of the Companies Act, 2017. Further SECP vide its letter dated March 26, 2021 had advised to comply with Section 72 of the Act and encourage shareholders to convert their physical shares into book-entry form. Accordingly, all shareholders of the Company having physical shares are requested to convert their shares into book-entry form at the earliest. The shareholders may contact the Company or Share Registrar, M/s. THK Associates (Private) Limited for the conversion of physical shares into book-entry form.
- J. The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 amended through Notification vide SRO. 2192[1]/2022 dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan (SECP), wherein, SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business. Accordingly, members of Pakistan Services Limited (the Company) will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming Annual General Meeting to be held on Friday, October 27, 2023, at 11:00 a.m. in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

**Procedure for E-Voting:**

- [1] Details of e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business within due course.
- [2] The facility for e-voting shall remain open for not less than three days and shall close at 17:00 hours (Pakistan Standard Time) on the date preceding the date of the poll.
- [3] Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- [4] Members shall cast vote online during the time specified in sub-regulation [1], provided that once the vote on a resolution is casted by a member, he/she shall not be allowed to change it subsequently.
- [5] The e-voting service provider shall be required to keep the result of e-voting confidential and provide access to the chairman of the general meeting in which poll was demanded to unblock result of e-voting on the day of poll.

**Procedure for Voting through Postal Ballot:**

The members shall ensure that duly filled and signed ballot paper, along with copy of valid Computerized National Identity Card (CNIC) or passport for foreign member and Board Resolution /Power of Attorney for body corporate, Corporation and Federal Government, should reach the Chairman of the meeting through post on the Company's registered address at PSL, 1st Floor, NESPAK House, G-5/2, Islamabad (Attention of the Company Secretary) or email at muhammadamir@hashoogroup.com on or before, October 26, 2023 during working hours. The signature on the ballot paper shall match with the signature on CNIC / record of the Company. A postal ballot received after this time / date shall not be considered for voting.



For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website i.e. [www.psl.com.pk](http://www.psl.com.pk)

#### **STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017**

##### **Agenda Item no. 04: Ratification and approval of the related party transactions carried out during the year ended June 30, 2023**

Transactions conducted with all related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to Clause-15 of the Listed Companies [Code of Corporate Governance] Regulations, 2019. However, during the year some of the Company's Directors were interested in some transactions due to their common directorships in the Group Companies. Therefore, these transactions are being placed before the AGM for the formal approval / ratification by the shareholders. All transactions with related parties to be ratified have been disclosed in note-43 to the unconsolidated financial statements for the year ended June 30, 2023. The company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. All transactions entered into with related parties require the approval of the Audit Committee, which is chaired by an independent Director of the Company. Upon the recommendation of the Audit Committee, such transactions are placed before the board of Directors for approval. Transactions entered into with the related parties include, but are not limited to, services provided, dividends received, investments made, advances paid [in accordance with the approval of shareholders and board where applicable] and salaries and other benefits paid to the key management personnel.

The nature of relationship with these related parties has also been indicated in the note-43 to the unconsolidated financial statements for the year ended June 30, 2023. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

##### **Agenda Item no. 05: Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2024**

The Company shall be conducting transactions with its related parties during the year ending June 30, 2024 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The few Directors are interested in some transactions due to their common directorship in the subsidiary / associated companies. In order to promote transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case-to-case basis for the year ending June 30, 2024, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

##### **Agenda Item no. 06: To alter the Articles nos. 101 & 102 of the Articles of Association of the Company**

In order to allow the Board of Directors of the Company to approve capitalization of reserves by way of issuance of bonus shares or creation of capital reserve for future use any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, the Board of Directors of the Company in their meeting held on June 03, 2023 has recommended to substitute the Articles nos. 101 & 102 of the Articles of Association of the Company accordingly.

##### **Agenda Item no. 07: Transmission of Annual Audited Financial Statements through QR Enabled Code and Weblink**

The Securities and Exchange Commission of Pakistan vide its S.R.O. 389(1)/2023 dated March 21, 2023 has allowed companies to circulate annual audited financial statements to its members through QR enabled code and Weblink, therefore, the Board of Directors of Pakistan Services Limited ["the Company"] in their meeting held on September 28, 2023 has recommended for transmission of Annual Reports including Audited Financial Statements of the Company to its members through QR enabled code and Weblink instead of transmitting the same through CD/DVD/USB, however, hard copy of the annual audited financial statements will be supplied to the shareholders, on demand, at their registered addresses, free of cost, within one week of receipt of such demand.

- A copy of the existing and proposed Articles of Associations shall be available for inspection at the registered office of the Company during office hours from 9:00 am to 6:00 pm on any working day, till last working day before the date of the Annual General Meeting.
- The Directors of the Company have no interest, directly or indirectly, in the above Special Businesses and / or Special Resolutions except to the extent of the shares that are held by them in the Company.



Serial No. \_\_\_\_\_

**BALLOT PAPER**

Folio No / CDC Account No.	
Name of Shareholder:	
Registered Address	
CNIC/Passport No.	
No. of Shares [Owned]:	
Additional Information & enclosures	
[In case of representative of Body Corporate, Corporations and Federal Government]	
<p><b>Special Resolutions for Agenda Item no. 04</b> To ratify and approve transactions conducted with Related Parties during the year ended June 30, 2023 by passing the following special resolution with or without modification:</p> <p>“RESOLVED THAT the transactions conducted with Related Parties as disclosed in the Note no. 43 of the unconsolidated financial statements for the year ended June 30, 2023 be and are hereby ratified, approved and confirmed.”</p> <p><b>Special Resolutions for Agenda Item no. 05</b> To authorize the Board of Directors of the Company to approve transactions with Related Parties during the financial year ending June 30, 2024 by passing the following special resolutions with or without modification:</p> <p>“RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case-to-case basis for the financial year ending June 30, 2024 and these transactions shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.”</p> <p><b>Special Resolutions for Agenda Item no. 06</b> To consider, and if thought fit, pass with or without modification, the following resolutions as a Special Resolutions, to substitute the Articles nos. 101 &amp; 102 of the Articles of Association of the Company:</p> <p>“RESOLVED THAT pursuant to Section 38 and all other applicable provisions of the Companies Act, 2017, Articles nos. 101 &amp; 102 of the existing Articles of Association of the Company be and are hereby substituted to read as follows:</p> <p>101. The Board of Directors may be authorized to resolve that if it is desirable to capitalise any sum standing to the credit of any of the company's reserve accounts [including any share premium accounts and any capital redemption reserve fund] or any sum standing to the credit of profit and loss account or otherwise available for distribution, provided that such sum be not required for paying the dividends on any shares carrying a fixed commutative preferential dividend and accordingly that the Directors be authorised and directed to appropriate the sum resolved to be capitalised to the members in the same proportions in which such sum would have been divisible amongst them had the same been applied or been applicable in paying dividends on the condition that the same shall not be paid in cash but to apply such sum on their behalf, either in or towards in paying up in full or in part either at par or at such premium as the resolution may provide, for any unissued shares, Term Finance Certificates or Debentures of the Company. Such shares or debentures to be allotted and distributed, credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in one way and partly in the other.</p> <p>102. Subsequent to the Board of Directors' approval as referred in afore-said Article no. 101, the Directors shall make all appropriations and applications of the sum resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures [if any], and generally shall do all such acts and things as may be required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit in the case of shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation, and any agreement made under such authority shall be effective and binding on all such members;</p> <p><b>FURTHER RESOLVED THAT</b> approval of the members of the Company be and is hereby accorded that “the Board of Directors of the Company be and is hereby authorized to declare and issue fully paid bonus shares as and when determined by the Board of Directors from unappropriated profits or reserves of the Company;</p> <p><b>FURTHER RESOLVED THAT</b> the Company Secretary and/or the Chief Executive Officer of the Company be and are hereby singly authorized to do all acts, deeds and things and take all steps and necessary actions ancillary and incidental thereto including but not limited to filing of requisite documents and returns as may be required with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alteration of Articles of Association of the Company and implementing this resolution;</p>	

**FURTHER RESOLVED THAT** the aforesaid alteration in the Articles of Association of the Company shall be subject to any amendment, modification, addition or deletion as may be required by any regulatory authority, and such amendment, modification, addition or deletion shall not require fresh approval of members.”

**Special Resolutions for Agenda Item no. 07**

To consider and if deemed fit, pass the following resolutions as special resolutions in pursuance of S.R.O. 389(1)/2023 dated March 21, 2023 of Securities and Exchange Commission of Pakistan [SECP] to authorize the Company to circulate the annual financial statements to its members through QR enabled code and weblink with or without modification[s]:

“**RESOLVED THAT** the Company be and is hereby authorized to circulate its annual audited financial statements to the members of the Company through QR enabled code and weblink instead of transmitting through CD/DVD/USB as allowed by Securities and Exchange Commission of Pakistan vide its S.R.O. 389(1) / 2023 dated March 21, 2023;

**FURTHER RESOLVED THAT** the Company Secretary be and is hereby authorized to do all acts, deeds and things, take or cause to be taken any action as may be necessary, incidental or consequential to give effect to this resolution.”

**INSTRUCTIONS**

1. Please indicate your vote by ticking [✓] the relevant box.

2. In case if both the boxes are marked as [✓], your poll shall be treated as “Rejected”.

I/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick [✓] mark in the appropriate box below [delete as appropriate];

Sr No.	Description	No. of Ordinary Shares for which vote cast.	I/We assent to the Resolutions	I/We dissent to the Resolutions [AGAINST]
1	Resolution for Agenda Item no. 04			
2	Resolution for Agenda Item no. 05			
3	Resolution for Agenda Item no. 06			
4	Resolution for Agenda Item no. 07			

**Notes:**

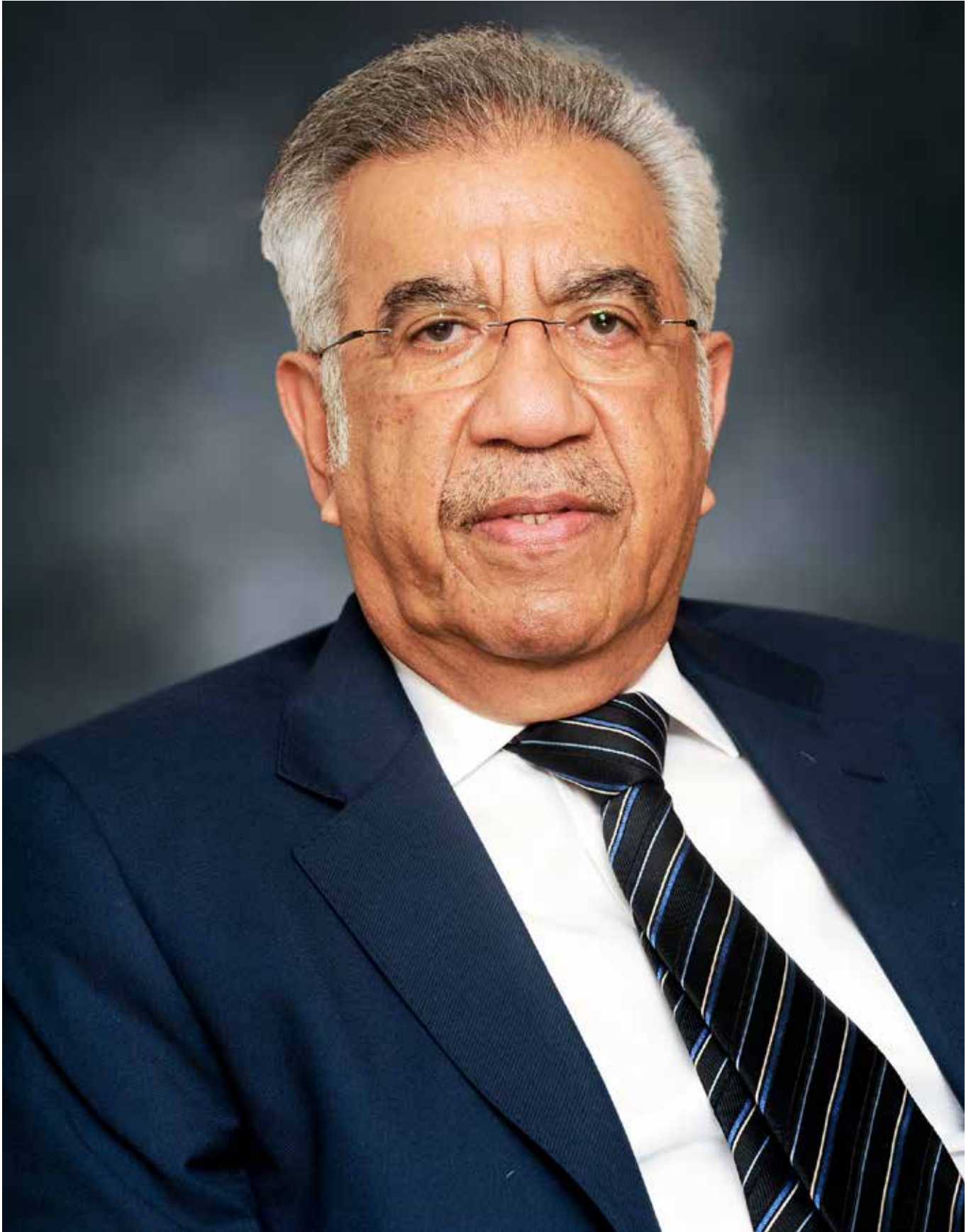
- Duly filled postal ballot should be sent to Chairman of the meeting through post at 1st Floor, NESPAK House, Sector G-5/2, Islamabad [Attention to Company Secretary] or email at muhammadamir@hashoogroup.com.
- Copy of CNIC/ Passport [in case of foreigner] should be enclosed with the postal ballot form.
- Ballot paper should reach the Chairman within business hours by or before October 26, 2023. Any postal Ballot received after this date, will not be considered for voting.
- Signature on ballot paper should match with signature on CNIC or Passport [In case of foreigner].
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, overwritten ballot paper will be rejected.
- In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution, / Power of Attorney, / Authorization Letter etc., in accordance with Section[s] 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member.
- Ballot Paper form has also been placed on the website of the Company at [www.psl.com.pk](http://www.psl.com.pk). Members may download the Ballot paper from the website or use an original/photocopy published in newspapers.

Signature of Shareholder[s]

Place: \_\_\_\_\_

Date: \_\_\_\_\_





# CHAIRMAN'S REVIEW

## Dear Members

I am pleased to present 64th annual report of Pakistan Services Limited comprising unconsolidated and consolidated audited financial statements for the year ended on 30 June 2023 together with the auditors' report thereon.

## THE CONTEXT

### CURRENT STATUS

The global economic environment remains volatile, shaped by geopolitical tensions such as on-going Russia-Ukraine conflict and the global economic recovery post-pandemic. This poses both challenges and opportunities for businesses worldwide, including our home, in Pakistan, businesses are beset by hyperinflation and bank rates of 22%, directly impacting supply cycles of food and services to all industries including the hospitality industry. Cognizant of prevailing economic trends and economic stagnation, the forecast for economic growth by the World Bank stands revised for 2024 from 2.7% to 2.4%.

The economy of Pakistan is under severe stress due to several factors including the sharp depreciation in Pak Rupee i.e. 28% during last financial year. The country was devastated once again this year by floods causing loss of precious lives, homes, crops and livestock.

Although, the Government is taking all possible measures to counter these pressures, it is further challenged with meeting its commitments given under the IMF program. The upward adjustments in prices of electricity, fuel and gas, staple food items, along with exchange rate depreciation has multiplied the challenges for citizens, and businesses alike. Businesses especially are finding it hard to maintain affordability for consumers as they struggle to continue on breakeven facing financial viability issues.

### PROSPECTS

Despite the global and domestic uncertainties, the depreciation in the Pak Rupee facilitates certain segment of customers, e.g. local tourists that has created a local demand, particularly in the North of the country. The Company has recently opened its new four-star hotel under the brand name of PC Legacy Hunza Nasirabad to cater for the high demand of quality hospitality services in the area.

We see significant prospects in the hospitality sector

in Pakistan especially with the rising young population who have disposable income and mid-career and senior professionals who continue to have a strong purchasing power. This situation coupled with increasing demand for quality accommodation and experiences enhanced with technological requirements such as internet connections bodes well for our industry.

## OVERALL PERFORMANCE OF THE COMPANY

The Company was able to record an operating profit of Rs.1,781 million as compared with Rs. 2,044 million of the previous year. However due to exorbitant increase in finance cost it recorded profit before tax of Rs.68 million as compared to profit before tax of Rs.627 million of the last year.

Realizing the gravity of the situation, management was compelled to seek deferment for payments due for March 2023 and June 2023 along with amount becoming due in September 2023 until December 31, 2023, which was approved by the lenders. In addition to this, a request for an extension of six quarters in tenor of loan facilities was also made and the lenders agreed to consider the same on the condition that the Company will settle the payment obligations through proceeds from sale of assets amounting to Rs. 5.5 billion by December 31, 2023. As part of the arrangement, it was agreed that any shortfall in the committed amount will be met by the sponsor as agreed in the respective Sponsor Support Agreements.

The Company has completed disposal of Pearl Continental Hotel, Peshawar and the proceeds have been utilized for payments due on account of the long-term loan facilities. The Company expects that because of the above-mentioned measures, it will provide financial stability and will be able to generate adequate operating cash flows to fulfill all its obligations as and when they become due.

Management acknowledges that the manner and timing of all the assumptions and projected results envisaged in Management's assessment and cash flow projections are always subject to unforeseen variability. Hence, these may differ due to events and conditions outside the control of Management, thus achievement of projected results are subject to an inherent uncertainty that pertains to the manner and methodology being followed toward achieving those results.

### PERFORMANCE OF ROOMS DEPARTMENT

There was a positive performance in the revenue recorded of Rs.6,358 million this year as compared to Rs.5,327 million of last year registering a significant increase of Rs.1,031 million.

### PERFORMANCE OF FOOD & BEVERAGE DEPARTMENT

This department also reported an increase of Rs.453 million to a recorded revenue of Rs.8,246 million as against Rs.7,793 million of the last year.

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

The performance of this division also improved during the year under report securing an increased revenue of Rs.1,114 million as compared to Rs.1,109 million of the last year.

### INTERNAL CONTROL SYSTEMS

Internal Control procedures are central to our Company's operations and success factor. We maintain a stringent check on our internal processes and the prevailing laws and socio-economic conditions of the Country to ensure that the Company is aligned with the compliance requirements as well as the customer demands.

The Company's internal control system [ICS] ensures due processes and protocols to avoid major errors, negligence, and any type of fraud for transparent and accountable management of business activities. The Company's ICS and all its coordinated methods and measures adopted safeguard its assets, ensure the accuracy and reliability of its accounting data, promote operational efficiency and supports adherence to managerial policies premised on international best practices. Being mindful of the importance of Internal Controls, the Management has established a system that identifies, contains and mitigates or eliminates risk associated with its organizational operations. These controls include all those measures that are to be followed by all the employees to provide, submit, and share correct, accurate and timely information for decision making. The internal control system is monitored from time to time by an internal audit team to evaluate its effectiveness so that necessary changes may be brought to continually improve and streamline the system as per new learning.

### CORPORATE SOCIAL RESPONSIBILITY & CORPORATE PHILANTHROPY

The Company's efforts in building sustainability in Pakistan are demonstrated by its contributions towards social

investments in skills development and youth employability, education, healthcare and climate change. We aim to help drive creation of shared economic and social value across Pakistan by empowering underprivileged communities so that they have power over their own lives and can live their lives with dignity. Our training programs help in creating skilled manpower and women lead micro-enterprises along the value chain as needed in the hospitality and tourism sector.

### ENERGY CONSERVATION

We are committed to conserving energy throughout the organization by promoting green technologies, reducing overall waste, and improving levels of recycling. In pursuance of the same the Company has already installed Solar energy systems at some of its hotel properties whereas technical evaluation for installation of Solar powered energy is under process on the other properties.

### ENVIRONMENT PROTECTION MEASURES

The Company is cognizant of its responsibility to protect the environment and is continuously imparting environmental awareness trainings on regular basis to its employees not only to save water but to protect the environment and biodiversity of the planet. In addition to being an energy efficient organization our hotels fully participate in the Earth Hour movement along with development organizations such as WWF in support of nature and our planet.

### CUSTOMER SATISFACTION

Customer satisfaction is key in creating a long-term relationship and has a profound effect on business success.

In keeping with its commitment to customer satisfaction, the Company engaged an international firm to help maintain a transparent and effective system of guest/customer feedback that the management then utilizes to further improve its services and policies for enhanced customer experience.

For the safety of its customers, the entire staff is supported in ensuring that all health and safety measures are being strictly observed, for example during the pandemic and post pandemic. This commitment to customer's health and safety includes investment in staff awareness, training sessions, and other precautionary measures as may be required from time to time.

### INCLUSIVE EMPLOYMENT

The Company takes affirmative action on ensuring that talented individuals have equal opportunity to apply to jobs in its properties. The HR policy provides proactive support



for the recruitment of special needs persons or persons living with disabilities [PLWD]. The Company has installed ramps and other facilities at different business locations to ensure ease of access for its employees as well as its guests who have special needs.

#### OCCUPATIONAL SAFETY AND HEALTH

The Company provides regular trainings and drills in occupational safety and health matters especially in the kitchens and at security check points. All kitchen workers, engineers, and other machine operators are provided with uniforms and safety equipment to ensure that they are protected in the course of their duty on the hotels' premises. Supervisors are assigned to ensure their teams safety and any laxness in observance of safety protocols is penalized. Employees and their safety always come first with the Company.

#### BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

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

#### PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND BOARD COMMITTEES

The Company carries out an annual evaluation of Board of Directors, its Committees and individual Director as part of the Code of Corporate Governance. A strict level of confidentiality is maintained by the Company Secretary upon receipt of complete questionnaires. Based upon questionnaires, an evaluation report is prepared and the areas that require improvement are identified and addressed accordingly.

#### CONTRIBUTION TO GOVERNMENT EXCHEQUER

The Company in the year under review contributed a tax amount of Rs. 4,844 million as against an amount of Rs. 3,859 million in the corresponding period of last year to Provincial and Federal governments. This amount includes all 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.13,589 million, as compared to Rs.13,485 million of the last year. The consolidated loss before and after tax for the year under review were Rs.1,448 million and Rs.1,786 million respectively.

The wholly owned subsidiary Company, M/s Pearl Tours and Travels (Private) Limited, engaged in the business of Rent-a-Car and arranging package tours, generated revenue of Rs.313 million during the year under report as compared to Rs.267 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 2022-23.

#### 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 of the shareholders/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. Last but not the least, I am thankful to our loyal and confident customers, the combined efforts of all have been instrumental in the sustainable growth of the Company against all odds. Prayers for a peaceful and prosperous Pakistan. Ameen!

For and on behalf of the Board of Directors



SADRUDDIN HASHWANI

Chairman

September 28, 2023

**PC LEGACY HUNZA**

A new jewel in the  
hospitality landscape  
amidst the breathtaking  
beauty of Hunza Valley



Hashoo Group, renowned for its exceptional hospitality ventures, proudly announces the grand opening of its latest masterpiece, PC Legacy Hunza. Nestled amidst the captivating landscapes of Hunza Valley, this new hotel promises to offer an unforgettable experience to its esteemed guests.

Hunza is a beautiful mountainous valley in the Northern region of Pakistan. Enveloped in the Grand Himalayas and the Karakoram Mountain Ranges, the valley is located at the Pakistan-China border of Gilgit-Baltistan. The picturesque location of PC Legacy Hunza serves as the perfect backdrop for this opulent retreat. With its awe-inspiring views of the snow-capped Rakaposhi and lush greenery, guests will be immersed in the natural splendour that makes Hunza Valley a globally acclaimed tourist destination.



The brand PC Legacy is a new chain of four-star hotels by Hashoo Group, which already owns and operates Pearl-Continental Hotels and Hotel One across Pakistan. PC Legacy will bridge the gap for travellers between five-star and select-service hotels. The concept of PC Legacy has been created to offer superior services and facilities to high-end and middle-class travellers seeking







a harmonious blend of comfort, elegance, and cultural authenticity. Overlooking Rakaposhi, PC Legacy , Hunza combines a total of 57 rooms, including deluxe and family rooms and suites. Each meticulously designed room and suite exudes comfort and sophistication, providing a serene sanctuary for guests to relax and rejuvenate. With panoramic views of the valley and modern amenities at their fingertips, guests will truly feel pampered during their stay.

Banquet facilities include a ballroom with a 140-person capacity, making it an ideal venue for conferences, destination weddings, celebrations and social gatherings. All-day dining is available at "Marco Polo", serving continental cuisine with indoor and outdoor seating. For those who prefer Pakistani cuisine, PC Legacy is home to a beautiful rooftop "Bukhara" restaurant, serving unique Mughlai dishes with original recipes and authentic cooking methods to make meals fit for royalty. Alternatively, lounge in comfort at "Front Page" while enjoying an aromatic cup of coffee or choose from a variety of light snacks, beverages, and desserts, all accompanied by live music in the background.

Hashoo Group has always focused on developing and building the skill sets of the local community while ensuring that they provide equal employment opportunities to both genders. As a result, PC Legacy Hunza has proudly achieved a 40% representation of the female workforce. Demonstrating our unwavering commitment to gender diversity and inclusivity, we are determined further to elevate this figure to a remarkable 50%. Opening this four-star hotel in Nasirabad, Hunza, will boost economic activity in the area and provide prospects for domestic employment.

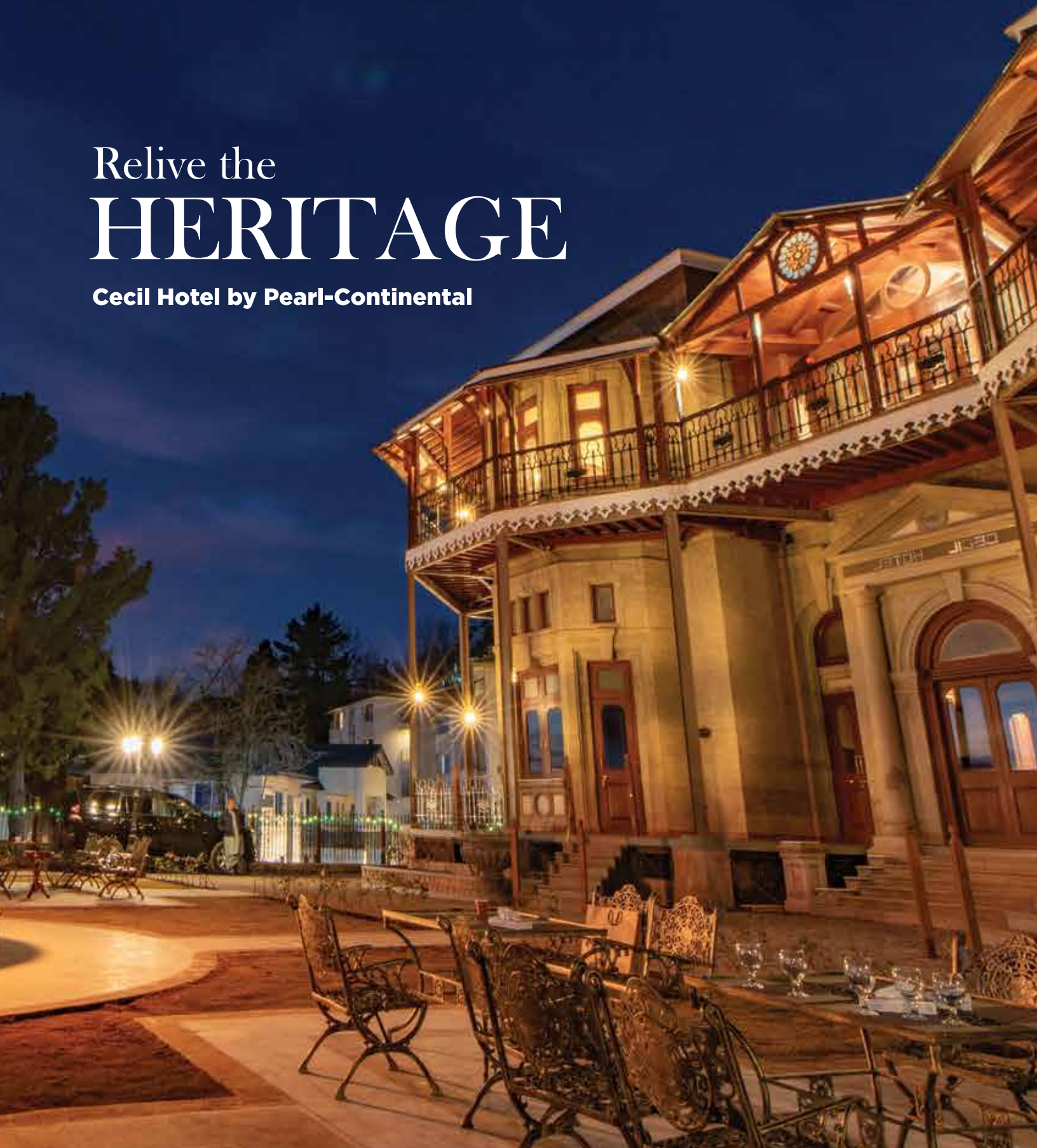


As the doors of PC Legacy Hunza open, the Hashoo Group invites guests from near and far to embark on an unforgettable journey amidst the magical landscapes of Hunza Valley. This new addition to their illustrious portfolio promises to set new benchmarks in Pakistan's hospitality, inviting travellers to immerse themselves in the true essence of Hunza's beauty and cultural heritage.



Relive the  
**HERITAGE**

**Cecil Hotel by Pearl-Continental**







The Cecil Hotel in Murree, Pakistan is a historic hotel that has been serving visitors to the hill station for over a century. Established in 1851, the Cecil Hotel has been a staple of Murree's tourism industry and is renowned for its traditional British colonial architecture, elegant interiors, and breathtaking views of the surrounding hills.

In the early days of British colonization, Murree was a small village with just a few houses and a market. However, with the construction of a military road connecting Rawalpindi to Murree in the 1850s, the area experienced rapid growth and development. The British built large, elegant villas and bungalows to serve as their summer homes, and the town grew into a bustling tourist destination.

The Cecil Hotel was originally built to serve as a summer retreat for British officials and European visitors. It is also known to be the official summer residence of the British Viceroy, Lord Mountbatten during the 1940s. The hotel was designed in the traditional colonial style, with elegant verandas, spacious rooms, and intricate woodwork. The hotel was equipped with all the modern conveniences of the time, including hot and cold running water, electric lighting, and telephone services.





Today, more than a century later, Cecil Heritage by Pearl-Continental, stands in the hills of Murree, restored to its original grandeur with the beautiful floors, period furniture and crackling fires, maintaining its exclusivity and colonial charm and elegance. The inviting warm ambience takes you back in time as soon as you step through the front door. Located on Mountain View Road and approachable from GPO as well as The Mall, Cecil Heritage offers 14 rooms, including deluxe rooms, spacious family suites, and presidential suites, offering modern amenities, such as IPTVs, smart heating and cooling, telephones, and WiFi. Each room is decorated with period features and vintage tapestry to pay homage to Murree's historical era. The ensuite bathrooms come equipped with a vintage claw-foot

tub, a separate shower, twin wash basins, radiator, and a vanity counter. Guests can book their favorite room and relive the golden period of Murree.

Perched on a hill overlooking the valley below, the hotel offers breathtaking views of the surrounding hills and provides a peaceful retreat from the hustle and bustle of city life. Visitors can spend their days exploring the surrounding hills, taking in the panoramic views, and enjoying the peacefulness of the environment while devouring delicious food available at Cecil Hotel.

Cecil Hotel by Pearl-Continental offers a range of dining options. Marco Polo is perfect for all-day dining in a comfortable environment with period furniture, handmade tiled floors, and marble-topped tables. Front Page Café has a casual lounge setting where guests can enjoy a wide selection of snacks, juices, mocktails, ice creams, tea, and aromatic coffee. Bukhara is an outdoor BBQ restaurant where guests can enjoy delicious authentic Pakistani barbecue while taking in the beautiful panoramic views of the mountains while surrounded by rose bushes and fire fountains.

With its elegant colonial architecture, breathtaking views, and cultural heritage, the hotel remains an important part of Pakistan's history and a valuable source of cultural heritage for future generations. Whether you're a history buff, a nature lover, or just looking for a peaceful escape from the city, the Cecil Hotel is the perfect place to visit.



# DIRECTORS' REPORT

## Dear Members

The Board of Directors [“the Board”] of Pakistan Services Limited [“the Company”] is pleased to present the 64th Annual Report with the audited unconsolidated financial statements of the Company for the year ended 30 June 2023 along with the Auditors’ Report thereon.

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

	[Rupees, 000]
Operating profit	1,780,858
Un-realized loss on re-measurement of investments	[54,374]
Finance income	265,967
Finance Cost	[1,924,677]
Profit before taxation	67,774
Taxation	[286,050]
Loss for the year	[218,276]
Other Comprehensive Income for the year	3,217
Un-appropriated profit brought forward	3,891,769
Un-appropriated profit at end of the year	6,246,376

Loss per share for the year 2022-23 arrived at Rs. [6.71].

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 ten members including one female member and nine 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
10. Mr. M. Saleem Ahmed Ranjha

The remuneration to non-executive director has been duly approved by the Board. The remuneration is to be based on market competitive compensation for the services being rendered by the non-executive director as approved by the board.



### ELECTION OF THE BOARD AND APPOINTMENT OF CHIEF EXECUTIVE

During the year the term of office of the Board of Directors expired and following directors namely Mr. Sadruddin Hashwani, Mr. Murtaza Hashwani, Mr. Muhammad Akhtar Bawany, Mr. Shakir Abu Bakar, Syed Haseeb Amjad Gardezi, Mr. M. Ahmed Ghazali Marghoob, Mr. Roahil Ajmal, Mr. Shahid Hussain, Mr. M. Saleem Ahmed Ranjha and Ms. Ayesha Khan were elected as directors [un-opposed] for the next term commencing from 29 March 2023. The newly elected Board appointed Mr. Murtaza Hashwani as Chief Executive Officer of the Company for the next term of its office commencing from 29 March 2023.

The Composition of the Board is as follows:

Category	Names
Independent Directors	1] Mr. Rohail Ajmal 2] Mr. Shahid Hussain 3] Mr. M. Saleem Ahmed Ranjha
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 9] Mr. M. Ahmed Ghazali Marghoob
Female Director- Non Executive	10] Ms. Ayesha Khan

The board constituted following committees comprising of members given below:

Audit Committee	HR and Remuneration Committee
Mr. Shahid Hussain [Chairman]	Mr. Rohail Ajmal [Chairman]
Mr. M. A. Bawany	Mr. Murtaza Hashwani
Mr. M. Ahmed Ghazali Marghoob	Mr. M. A. Bawany
Mr. Rohail Ajmal	Syed Haseeb Amjad Gardezi
	Mr. M. Ahmed Ghazali Marghoob

Nomination Committee	Risk Management Committee
Mr. Murtaza Hashwani [Chairman]	Mr. Murtaza Hashwani [Chairman]
Mr. M. A. Bawany	Mr. M. A. Bawany
Mr. Shakir Abu Bakar	Mr. Shakir Abu Bakar
Syed Haseeb Amjad Gardezi	Syed Haseeb Amjad Gardezi
	Ms. Ayesha Khan
	Mr. Rohail Ajmal

The Company has incurred amount of Rs. 477.200 million in aggregate on account of Salary/Fee, perquisites, benefits, and performance-linked incentives etc. to its directors and Chief Executive.

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

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

Chief executive officer	Rs. 204.08 million
Executive Director	Rs. 203.24 million
Executive Director	Rs. 47.23 million
Non- Executive Director	Rs. 21.09 million

During the year due to the stressed economic and political situation of the country which had effects on the Company's business, the company faced severe cash flow challenges and could not meet its debt obligations due in March 2023 and June 2023, and the company approached to the financial institution for restructuring and deferment of payments including unpaid amounts on March 2023 and June 2023, the financial institution has approved the restructuring and deferred the unpaid amounts along with payment due in September 2023 quarter till December 2023, all these outstanding amounts are due for payments in December 2023, upon settlement of these outstanding amounts, the lenders are to consider the extension in tenor of loan.

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

The pattern of shareholding is annexed to this report.

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

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

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

The retiring auditors, M/s. KPMG Taseer Hadi & Co, Chartered Accountants being eligible, offer themselves for re-appointment as the Company's auditors. The Board, on the recommendation of the Audit Committee, has proposed appointment of M/s KPMG Taseer Hadi & Co, Chartered Accountants as auditors of the Company for the year ending 30 June 2024.



**Murtaza Hashwani**  
Chief Executive Officer



**M.A. Bawany**  
Director

Islamabad: September 28, 2023

کمپنی نے چیف ایگزیکٹو اور ڈائریکٹرز کو 477.200 ملین روپے کی رقم تنخواہوں/فیس، اضافی مراعات، فوائد، اور کارکردگی سے منسلک مراعات وغیرہ کی مد میں ادا کیے۔  
ڈائریکٹرز کے معاوضہ جات کی تفصیل جاننے کے لیے براہ کرم نوٹ نمبر 42 کا مطالعہ کریں۔

ڈائریکٹرز کے معاوضہ جات کی تفصیل درج ذیل ہے:

چیف ایگزیکٹو آفیسر	204.08	ملین روپے
ایگزیکٹو ڈائریکٹر	203.24	ملین روپے
ایگزیکٹو ڈائریکٹر	47.23	ملین روپے
نان ایگزیکٹو ڈائریکٹر	21.09	ملین روپے

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

دوران سال معاشی اور سیاسی صورتحال نے ملکی کاروبار پر کافی منفی اثر کیا، کمپنی کو کیش فلوی کمی کی صورتحال، درپیش رہی، جس کی وجہ سے مالیاتی واجبات جو کہ مارچ 2023 اور جون 2023 میں واجب الادا تھے، نہ پورے ہو سکے، کمپنی نے اس صورتحال کے پیش نظر مالیاتی اداروں سے ان واجبات کو موخر کرنے کے لئے رجوع کیا، مالیاتی اداروں نے ان واجبات کے ساتھ ساتھ ستمبر 2023 میں واجب الادا ذمہ داری کو دسمبر 2023 تک کے لیے موخر کر دیا، ان واجبات کی ادائیگی پر مالیاتی ادارے واجبات کی مدت میں اضافہ کو زیر غور لائیں گے۔

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

اندرونی مالیتی کنٹرول کا نظام مضبوط ہے اور موثر طریقے سے کام کر رہا ہے

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

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

ریٹائرڈ ہونے والے آڈیٹرز، کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس نے اہل ہونے کے ناطے اپنے آپ کو کمپنی کے آڈیٹرز کی صورت میں دوبارہ تقرری کے لیے پیش کیا۔ آڈٹ کمیٹی کی سفارش پر بورڈ نے کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس کو جون 2024 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز مقرر کرنے کی تجویز دی ہے۔

*Rawan*

ڈائریکٹر  
ایم۔ اے۔ باوانی

*سید*

چیف ایگزیکٹو آفیسر  
مرتنسی ہاشوانی

اسلام آباد: 28 ستمبر 2023

بورڈ کی ترکیب درج ذیل ہے:

عہدہ	نام
انڈینڈنٹ ڈائریکٹر	(1) جناب روہیل اجمل
	(2) جناب شاہد حسین
	(3) جناب سلیم احمد رانجھا
ایگزیکٹو ڈائریکٹرز	(4) جناب مرتضیٰ ہاشوانی
	(5) جناب شاکر ابوبکر
	(6) سید حبیب امجد گردیزی
نان ایگزیکٹو ڈائریکٹرز	(7) جناب صدر الدین ہاشوانی
	(8) جناب محمد اختر باوانی
	(9) جناب ایم احمد غزالی مرغوب
خاتون ڈائریکٹر - نان ایگزیکٹو	(10) محترمہ عائشہ خان

بورڈ کے انتخابات اور چیمبرین کا تقرر

سال مذکورہ کے دوران بورڈ آف ڈائریکٹرز کی عہدوں کی مدت اختتام کو پہنچی اور درج ذیل ڈائریکٹرز اگلی مدت کے لیے، جس کا آغاز 29 مارچ 2023 سے ہوا ہے، (بلا مقابلہ) منتخب قرار پائے: جناب صدر الدین ہاشوانی، جناب مرتضیٰ ہاشوانی، جناب محمد اختر باوانی، جناب شاکر ابوبکر، سید حبیب امجد گردیزی، جناب ایم احمد غزالی مرغوب، محترمہ عائشہ خان، جناب روہیل اجمل، جناب شاہد حسین، جناب سلیم احمد رانجھا۔ نئے منتخب شدہ بورڈ نے جناب مرتضیٰ ہاشوانی کو 29 مارچ 2023 سے شروع ہونے والی مدت کے لیے کمپنی کا چیف ایگزیکٹو آفیسر مقرر کیا۔

نان ایگزیکٹو ڈائریکٹر کا معاوضہ بورڈ آف ڈائریکٹرز سے منظور ہے اور مارکیٹ کے مطابق نان ایگزیکٹو ڈائریکٹر کی خدمات کے بدلے میں بورڈ سے منظور کیے مطابق ہے۔

بورڈ نے درج ذیل کمیٹیاں تشکیل دیں:

آڈٹ کمیٹی	ایچ آر اور ریویژن کمیٹی
جناب شاہد حسین (چیمبرین)	جناب روہیل اجمل (چیمبرین)
جناب محمد اختر باوانی	جناب مرتضیٰ ہاشوانی
جناب ایم احمد غزالی مرغوب	جناب محمد اختر باوانی
جناب روہیل اجمل	سید حبیب امجد گردیزی
	جناب ایم احمد غزالی مرغوب
نومینیشن کمیٹی	رسک مینجمنٹ کمیٹی
جناب مرتضیٰ ہاشوانی (چیمبرین)	جناب مرتضیٰ ہاشوانی (چیمبرین)
جناب محمد اختر باوانی	جناب محمد اختر باوانی
سید حبیب امجد گردیزی	سید حبیب امجد گردیزی
جناب شاکر ابوبکر	جناب شاکر ابوبکر
	جناب روہیل اجمل
	محترمہ عائشہ خان



## ڈائریکٹرز رپورٹ

محترم حصص داران:

پاکستان سروسز لمیٹڈ (پی ایس ایل) کے بورڈ آف ڈائریکٹرز کمیٹی کی 64 ویں سالانہ رپورٹ بمعہ کمیٹی کی محاسبہ شدہ مالی گوشورے برائے سال جو کہ مورخہ 30 جون 2023 کو اختتام پذیر ہوا بمعہ محاسب رپورٹ پیش کرتی ہے۔

کمیٹی کی محاسبہ شدہ مالیاتی کارکردگی درج ذیل ہے:

(000 روپے)

1,780,858	کاروباری آپریشنز سے ہونے والا منافع
(54,374)	سرمایہ کاری کے دوبارہ تعین مقدار پر غیر حاصل شدہ نقصان
265,967	مالیاتی آمدن
(1,924,677)	مالیاتی لاگت
67,774	منافع قابل از ٹیکس
(286,050)	ٹیکس
(218,276)	دوران سال خسارہ
3,217	دوران سال کی دیگر جامع آمدن
3,891,769	ابتدائی غیر مختص منافع
6,246,376	غیر مختص منافع بیلنس

سال 2022-23 کے لیے فی حصص خسارہ 6.71 روپے کا ہے۔

تمام ڈائریکٹرز سالانہ رپورٹ میں شامل چیمبر میں 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 کمیٹی کے دیگر متعلقہ معاملات کا احاطہ کرتی ہے۔

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

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

- |                           |                                |
|---------------------------|--------------------------------|
| 1. جناب صدر الدین ہاشوائی | 2. جناب مرتضیٰ ہاشوائی         |
| 3. جناب ایم اے باوانی     | 4. جناب شاکر ابوبکر            |
| 5. سید حبیب امجد گردیزی   | 6. جناب ایم احمد غزالی مرغوب   |
| 7. محترمہ عائشہ خان       | 8. جناب روجیل اجمل             |
| 9. جناب شاہد حسین         | 10. جناب محمد سلیم احمد رانجھا |

# KEY OPERATING AND FINANCIAL DATA

		2023	2022	2021	2020	2019	2018
<b>Profitability Ratios</b>							
Gross profit ratio	%	37.90	41.39	31.64	33.42	39.74	46.35
Net profit to sales	%	(1.65)	5.08	(5.70)	(21.35)	(8.45)	4.71
EBIDTA margin to sales	%	21.95	25.11	24.16	11.39	16.24	21.46
Return on equity	%	(0.49)	1.35	(1.15)	(4.99)	(2.47)	1.38
Return on capital employed	%	(0.46)	1.11	(0.85)	(3.84)	(1.81)	1.07
Return on assets	%	(0.34)	0.92	(0.72)	(3.14)	(1.60)	0.98
<b>Liquidity Ratios</b>							
Current ratio		0.89	1.06	1.15	0.58	1.10	1.45
Quick / acid test ratio		0.86	1.02	1.11	0.55	1.05	1.38
Cash and bank to current liabilities		0.02	0.03	0.03	0.04	0.04	0.31
Cash flow from operations to sales		0.01	0.07	0.07	(0.02)	0.004	0.14
<b>Activity Turnover Ratios</b>							
Inventory turnover	Days	27	24	24	19	18	18
Debtors turnover	Days	57	43	48	14	30	36
Creditors turnover	Days	76	54	68	63	27	35
Operating cycle	Days	8	13	4	(30)	21	19
Property, plant & equipment turnover	Times	0.29	0.24	0.17	0.19	0.25	0.26
Total assets turnover	Times	0.20	0.18	0.13	0.15	0.19	0.21
<b>Investment / Market Ratios</b>							
(Loss)/ earnings per share – basic and diluted	Rs	(6.71)	18.73	(12.17)	(53.62)	(26.55)	15.24
Price earning ratio	Rs	(115.48)	82.22	(73.94)	(19.02)	(38.42)	64.98
Dividend yield ratio	%	-	-	-	-	-	1.01
Dividend payout ratio	%	-	-	-	-	-	65.63
Dividend cover ratio	%	-	-	-	-	-	1.52
Cash dividend per share	Rs	-	-	-	-	-	10.00
Market value per share at year end	Rs	775.00	1,540.00	900.00	990.00	1,020.00	990.00
Highest market value per share during the year	Rs	2,310.00	1,757.90	988.00	1,066.00	1,060.00	1,045.00
Lowest market value per share during the year	Rs	645.00	887.13	842.00	894.00	900.00	900.00
Breakup value per share (Including the effect of surplus on revaluation of property, plant & equipment).	Rs	1,382	1,388	1,061	1,074	1,073	1,102
Breakup value per share (Excluding surplus on revaluation of property, plant & equipment).	Rs	260	187	166	175	227	255
<b>Capital Structure Ratios</b>							
Financial leverage ratio		0.27	0.30	0.42	0.40	0.42	0.31
Long term debt : Equity (Including the effect of surplus on revaluation of property, plant & equipment)		0.03	0.19	0.33	0.27	0.33	0.27
Long term debt : Equity (Excluding surplus on revaluation of property, plant & equipment)		0.18	1.39	2.10	1.64	1.57	1.16
Interest cover ratio		0.93	1.47	0.43	(0.16)	0.89	2.43
<b>Summary of Cash Flows</b>							
Net cash flow from operating activities	(Rs.000)	97,051	786,143	488,929	(123,098)	44,292	1,518,433
Net cash flow from investing activities	(Rs.000)	1,756,413	427,284	67,160	(79,271)	(5,034,912)	(3,894,336)
Net cash flow from financing activities	(Rs.000)	(1,243,171)	(706,832)	(622,075)	(1,022,868)	3,273,770	3,158,697
Net change in cash and cash equivalents	(Rs.000)	610,293	506,595	(65,986)	(1,225,237)	(1,716,850)	782,794

# HORIZONTAL ANALYSIS

## Balance Sheet

(Rs. '000)	2023	23 Vs 22	2022	22 Vs 21	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17
		%		%		%		%		%		%
<b>Equity</b>												
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	7,846,376	42.88	5,491,769	14.17	4,810,061	(5.46)	5,087,599	(24.96)	6,779,566	(12.12)	7,714,976	(0.35)
Revaluation surplus on property, plant and equipment	36,498,204	(6.58)	39,067,870	34.23	29,105,049	(0.47)	29,243,030	6.22	27,530,740	-	27,530,741	15.78
<b>Total equity</b>	<b>44,939,246</b>	<b>(0.48)</b>	<b>45,154,305</b>	<b>30.84</b>	<b>34,509,776</b>	<b>(1.19)</b>	<b>34,925,295</b>	<b>0.06</b>	<b>34,904,972</b>	<b>(2.61)</b>	<b>35,840,383</b>	<b>11.60</b>
<b>Liabilities</b>												
Loans and borrowings	1,513,050	(82.10)	8,451,722	(25.46)	11,338,247	21.58	9,325,615	(19.67)	11,609,181	20.23	9,655,774	41.50
Lease liabilities	187,581	(12.14)	213,491	65.13	129,287	(38.64)	210,697	849.38	22,193	100.00	-	-
Deferred government grant	-	(100.00)	4,638	(77.92)	21,004	(30.33)	30,148	100.00	-	-	-	-
Employee benefits	976,778	11.91	872,791	27.46	684,741	(1.96)	698,462	(9.72)	773,666	16.15	666,088	10.98
Deferred tax liability-net	-	-	-	-	-	(100.00)	239,465	(44.31)	429,984	57.77	272,545	30.02
Other Non Current Liabilities	141,960	997.57	12,934	(31.21)	18,801	100.00	-	-	-	-	-	-
<b>Non-current liabilities</b>	<b>2,819,369</b>	<b>(70.50)</b>	<b>9,555,576</b>	<b>(21.62)</b>	<b>12,192,080</b>	<b>16.07</b>	<b>10,504,387</b>	<b>(18.16)</b>	<b>12,835,024</b>	<b>21.15</b>	<b>10,594,407</b>	<b>38.78</b>
Trade and other payables	3,324,697	31.30	2,532,060	23.81	2,045,151	(7.66)	2,214,846	42.61	1,553,107	(20.39)	1,950,875	19.54
Contract liabilities	795,235	11.87	710,863	38.74	512,381	26.85	403,933	1.00	399,943	100.00	-	-
Short term borrowings	1,613,027	(28.03)	2,241,140	(14.22)	2,612,631	(6.93)	2,807,284	121.99	1,264,583	121.56	570,768	67.90
Current portion of loans and borrowings	10,620,322	117.63	4,879,957	59.62	3,057,314	(32.45)	4,525,870	47.19	3,074,497	97.78	1,554,669	212.46
Current portion of lease liabilities	118,977	18.33	100,546	12.67	89,241	(14.83)	104,785	690.65	13,253	100.00	-	-
Advance against non-current assets held for sale	500,000	(42.86)	875,000	100.00	-	(100.00)	12,000	100.00	-	-	-	-
Unclaimed dividend	9,242	-	9,242	-	9,242	-	9,242	-	9,242	-	9,242	(44.29)
Unpaid dividend	1,528	-	1,528	-	1,528	-	1,528	-	1,528	(92.05)	19,210	100.00
<b>Current liabilities</b>	<b>16,983,028</b>	<b>49.63</b>	<b>11,350,336</b>	<b>36.30</b>	<b>8,327,488</b>	<b>(17.38)</b>	<b>10,079,488</b>	<b>59.57</b>	<b>6,316,153</b>	<b>53.88</b>	<b>4,104,763</b>	<b>58.49</b>
<b>Total equity and liabilities</b>	<b>64,741,643</b>	<b>(2.00)</b>	<b>66,060,217</b>	<b>20.05</b>	<b>55,029,344</b>	<b>(0.86)</b>	<b>55,509,170</b>	<b>2.69</b>	<b>54,056,149</b>	<b>6.96</b>	<b>50,539,553</b>	<b>19.37</b>
<b>Assets</b>												
Property, plant and equipment	46,360,926	(6.41)	49,534,613	24.72	39,716,318	(9.20)	43,738,846	8.10	40,462,093	1.34	39,925,287	21.30
Advances for capital expenditure	1,189,494	6.05	1,121,685	1.55	1,104,612	(17.45)	1,338,170	(34.95)	2,057,190	34.26	1,532,203	13.75
Intangible Assets	91,454	(26.18)	123,896	63.92	75,585	100.00	-	-	-	-	-	-
Investment property	80,000	-	80,000	14.29	70,000	7.69	65,000	8.33	60,000	-	60,000	20.00
Long term investments	1,037,794	-	1,037,794	-	1,037,794	-	1,037,794	-	1,037,794	-	1,037,794	-
Advances against equity investment	731,000	(60.99)	1,874,071	(43.65)	3,325,571	(2.55)	3,412,571	-	3,412,571	69.39	2,014,570	1,837.09
Long term deposits and prepayments	19,281	(11.45)	21,773	(22.74)	28,181	(16.27)	33,657	(45.99)	62,316	64.12	37,970	70.09
Deferred Tax Assets-net	191,901	(33.30)	287,702	261.88	79,502	100.00	-	-	-	-	-	-
<b>Non-current assets</b>	<b>49,701,850</b>	<b>(8.10)</b>	<b>54,081,534</b>	<b>19.02</b>	<b>45,437,563</b>	<b>(8.44)</b>	<b>49,626,038</b>	<b>5.38</b>	<b>47,091,964</b>	<b>169.12</b>	<b>44,607,824</b>	<b>1,962.23</b>
Inventories	510,658	29.37	394,715	10.94	355,806	22.81	289,712	(7.63)	313,644	12.05	279,917	8.13
Trade debts	939,652	20.31	781,041	92.86	404,972	107.16	195,492	(64.02)	543,377	(22.89)	704,692	17.13
Contract assets	20,620	(25.44)	27,654	20.96	22,863	538.99	3,578	(87.97)	29,752	100.00	-	-
Advances, prepayments, trade deposits, and other receivables	1,951,222	351.53	432,135	44.90	298,225	(19.69)	371,355	(7.45)	401,258	33.93	287,185	(92.63)
Short term investments	1,136,110	(35.20)	1,753,240	36.07	1,288,487	1.15	1,273,816	(25.79)	1,716,437	(45.04)	3,134,661	128.19
Short Term Advances	-	-	-	-	-	-	-	(100.00)	515,000	1,187.50	40,000	100.00
Advance income tax - net	787,018	45.42	541,212	9.22	495,508	2.97	481,238	5.79	454,898	109.73	216,899	242.92
Non-current assets held for sale	9,339,704	21.94	7,659,099	18.89	6,442,198	121.48	2,908,739	5.82	2,748,739	100.00	-	-
Cash and bank balances	354,809	(8.93)	389,587	37.31	283,722	(21.01)	359,202	49.00	241,080	(80.98)	1,268,375	368.63
<b>Current assets</b>	<b>15,039,793</b>	<b>25.55</b>	<b>11,978,683</b>	<b>24.88</b>	<b>9,591,781</b>	<b>63.04</b>	<b>5,883,132</b>	<b>(15.52)</b>	<b>6,964,185</b>	<b>17.41</b>	<b>5,931,729</b>	<b>(8.23)</b>
<b>Total assets</b>	<b>64,741,643</b>	<b>(2.00)</b>	<b>66,060,217</b>	<b>20.05</b>	<b>55,029,344</b>	<b>(0.86)</b>	<b>55,509,170</b>	<b>2.69</b>	<b>54,056,149</b>	<b>6.96</b>	<b>50,539,553</b>	<b>19.37</b>
<b>Profit and Loss Account</b>												
Revenue - Gross	15,718,075	10.47	14,228,668	73.54	8,198,862	(14.39)	9,576,845	(20.08)	11,982,998	(3.07)	12,362,265	7.07
Discount and Commissions	(338,102)	14.84	(294,405)	71.81	(171,352)	30.90	(130,905)	(3.84)	(136,138)	(19.24)	(168,561)	(5.82)
Sales tax	(2,117,936)	8.85	(1,945,775)	79.06	(1,086,689)	(14.94)	(1,277,527)	(21.56)	(1,628,765)	(2.26)	(1,666,453)	7.19
Revenue - net	13,262,037	10.62	11,988,488	72.72	6,940,821	(15.03)	8,168,413	(20.06)	10,218,095	(2.94)	10,527,251	7.29
Cost of sales and services	(8,235,348)	17.21	(7,026,233)	48.09	(4,744,596)	(12.77)	(5,438,898)	(11.67)	(6,157,666)	9.04	(5,647,370)	4.01
<b>Gross profit</b>	<b>5,026,689</b>	<b>1.30</b>	<b>4,962,255</b>	<b>125.94</b>	<b>2,196,225</b>	<b>(19.54)</b>	<b>2,729,515</b>	<b>(32.78)</b>	<b>4,060,429</b>	<b>(16.79)</b>	<b>4,879,881</b>	<b>11.35</b>
Other income	467,420	216.57	147,651	(55.56)	332,253	9.03	304,743	64.31	185,469	22.02	151,998	10.72
Administrative expenses	(3,849,838)	32.81	(2,898,746)	45.83	(1,987,791)	(31.48)	(2,901,127)	(9.26)	(3,197,078)	(2.17)	(3,268,064)	23.02
Reversal/ (allowance) for impairment loss on trade debtors	136,587	181.83	(166,907)	(236.37)	122,392	204.62	(116,986)	410.52	(22,915)	(100.00)	-	-
Other expense	-	-	-	(100.00)	(134,394)	(55.34)	(300,895)	(100.00)	-	-	-	(100.00)
<b>Operating profit / (loss)</b>	<b>1,780,858</b>	<b>(12.88)</b>	<b>2,044,253</b>	<b>286.67</b>	<b>528,685</b>	<b>285.67</b>	<b>(284,750)</b>	<b>(127.76)</b>	<b>1,025,905</b>	<b>(41.84)</b>	<b>1,763,815</b>	<b>(3.22)</b>
Finance income	265,967	94.35	136,851	33.57	102,458	(39.45)	169,207	(32.65)	251,218	153.09	99,262	11.27
(Loss)/ gain on remeasurement of investments to fair value - net	(54,374)	(67.18)	(165,660)	(1,010.67)	18,191	2,598.96	674	100.14	(491,660)	96.29	(250,474)	(251.69)
Finance cost	(1,924,677)	38.62	(1,388,442)	13.20	(1,226,577)	(29.04)	(1,728,614)	49.73	(1,154,494)	59.13	(725,513)	76.18
<b>Net finance cost</b>	<b>(1,713,084)</b>	<b>20.87</b>	<b>(1,417,251)</b>	<b>28.15</b>	<b>(1,105,928)</b>	<b>(29.05)</b>	<b>(1,558,733)</b>	<b>11.74</b>	<b>(1,394,936)</b>	<b>59.11</b>	<b>(876,725)</b>	<b>456.75</b>
<b>Profit/ (loss) before taxation</b>	<b>67,774</b>	<b>(89.19)</b>	<b>627,002</b>	<b>208.62</b>	<b>(577,243)</b>	<b>(68.69)</b>	<b>(1,843,483)</b>	<b>399.55</b>	<b>(369,031)</b>	<b>(141.60)</b>	<b>887,090</b>	<b>(46.72)</b>
Income tax	(286,050)	1,503.15	(17,843)	(109.84)	181,351	82.32	99,469	120.12	(494,367)	26.26	(391,534)	(24.11)
<b>(Loss)/ profit for the year</b>	<b>(218,276)</b>	<b>(135.83)</b>	<b>609,159</b>	<b>253.87</b>	<b>(395,892)</b>	<b>(77.30)</b>	<b>(1,744,014)</b>	<b>101.99</b>	<b>(863,398)</b>	<b>(274.23)</b>	<b>495,556</b>	<b>(56.87)</b>
(Loss)/ earnings per share - basic and diluted (Rupees)	(6.71)	(135.83)	18.73	253.87	(12.17)	(77.30)	(53.62)	101.99	(26.55)	(274.23)	15.24	(56.87)

# VERTICAL ANALYSIS

## Balance Sheet

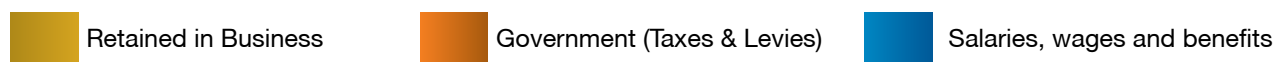
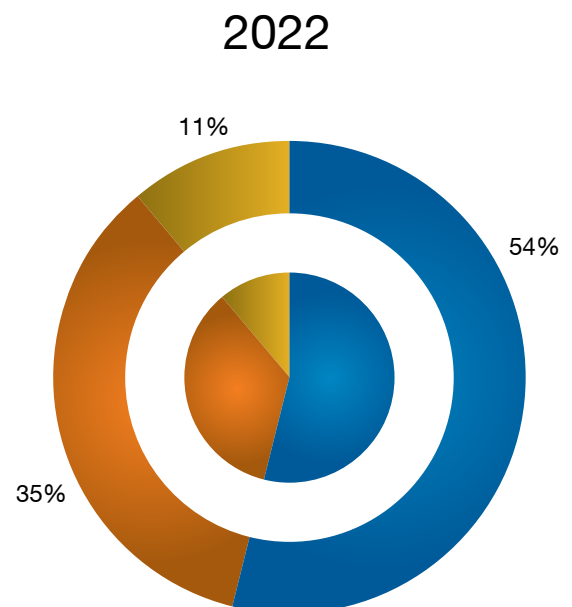
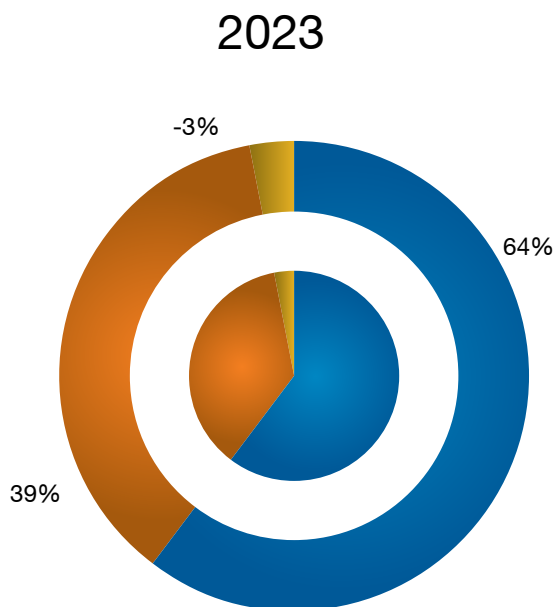
(Rs. '000)

	2023	%	2022	%	2021	%	2020	%	2019	%	2018	%
<b>Equity</b>												
Share Capital	325,242	0.50	325,242	0.49	325,242	0.59	325,242	0.59	325,242	0.60	325,242	0.64
Capital reserves	269,424	0.42	269,424	0.41	269,424	0.49	269,424	0.49	269,424	0.50	269,424	0.53
Revenue reserves	7,846,376	12.12	5,491,769	8.31	4,810,061	8.74	5,087,599	9.17	6,779,566	12.54	7,714,976	15.27
Revaluation surplus on property, plant and equipment	36,498,204	56.38	39,067,870	59.14	29,105,049	52.89	29,243,030	52.68	27,530,740	50.93	27,530,741	54.47
<b>Total equity</b>	<b>44,939,246</b>	<b>69.41</b>	<b>45,154,305</b>	<b>68.35</b>	<b>34,509,776</b>	<b>62.71</b>	<b>34,925,295</b>	<b>62.92</b>	<b>34,904,972</b>	<b>64.57</b>	<b>35,840,383</b>	<b>70.92</b>
<b>Liabilities</b>												
Loans and borrowings	1,513,050	2.34	8,451,722	12.79	11,338,247	20.60	9,325,615	16.80	11,609,181	21.48	9,655,774	19.11
Lease liabilities	187,581	0.29	213,491	0.32	129,287	0.23	210,697	0.38	22,193			
Deferred government grant	-	-	4,638	0.01	21,004	0.04	30,148	0.05	-			
Employee benefits	976,778	1.51	872,791	1.32	684,741	1.24	698,462	1.26	773,666	1.43	666,088	1.32
Deferred tax liability-net	-	-	-	-	-	-	239,465	0.43	429,984	0.80	272,545	0.54
Other Non Current Liabilities	141,960	0.22	12,934	0.02	18,801	0.03	-	-	-	-	-	-
<b>Non current liabilities</b>	<b>2,819,369</b>	<b>4.35</b>	<b>9,555,576</b>	<b>14.46</b>	<b>12,192,080</b>	<b>22.16</b>	<b>10,504,387</b>	<b>18.92</b>	<b>12,835,024</b>	<b>23.74</b>	<b>10,594,407</b>	<b>20.96</b>
Trade and other payables	3,324,697	5.14	2,532,060	3.83	2,045,151	3.72	2,214,846	3.99	1,553,107	2.87	1,950,875	3.86
Contract Liabilities	795,235	1.23	710,863	1.08	512,381	0.93	403,933	0.73	399,943	0.74		
Short term borrowings	1,613,027	2.49	2,241,140	3.39	2,612,631	4.75	2,807,284	5.06	1,264,583	2.34	570,768	1.10
Current portion of loans and borrowings	10,620,322	16.40	4,879,957	7.39	3,057,314	5.56	4,525,870	8.15	3,074,497	5.69	1,554,669	2.67
Current portion of lease liabilities	118,977	0.18	100,546	0.15	89,241	0.16	104,785	0.19	13,253			
Advance against non-current assets held for sale	500,000	0.77	875,000	1.32	-	-	12,000	0.02	-	-	-	-
Unclaimed dividend	9,242	0.01	9,242	0.01	9,242	0.02	9,242	0.02	9,242	0.02	9,242	0.02
Unpaid dividend	1,528	0.00	1,528	0.00	1,528	0.00	1,528	0.00	1,528	0.00	19,210	0.04
<b>Current liabilities</b>	<b>16,983,028</b>	<b>26.23</b>	<b>11,350,336</b>	<b>17.18</b>	<b>8,327,488</b>	<b>15.13</b>	<b>10,079,488</b>	<b>18.16</b>	<b>6,316,153</b>	<b>11.68</b>	<b>4,104,763</b>	<b>8.12</b>
<b>Total equity and liabilities</b>	<b>64,741,643</b>	<b>100.00</b>	<b>66,060,217</b>	<b>100.00</b>	<b>55,029,344</b>	<b>100.00</b>	<b>55,509,170</b>	<b>100.00</b>	<b>54,056,149</b>	<b>100.00</b>	<b>50,539,553</b>	<b>100.00</b>
<b>Assets</b>												
Property, plant and equipment	46,360,926	71.61	49,534,613	74.98	39,716,318	72.17	43,738,846	78.80	40,462,093	74.85	39,925,287	79.00
Advance for capital expenditure	1,189,494	1.84	1,121,685	1.70	1,104,612	2.01	1,338,170	2.41	2,057,190	3.81	1,532,203	3.03
Intangible Asset	91,454	0.14	123,896	0.19	75,585	0.14	-	-	-	-	-	-
Investment property	80,000	0.12	80,000	0.12	70,000	0.13	65,000	0.12	60,000	0.11	60,000	0.12
Long term investments	1,037,794	1.60	1,037,794	1.57	1,037,794	1.89	1,037,794	1.87	1,037,794	1.92	1,037,794	2.05
Advance for equity investment	731,000	1.13	1,874,071	2.84	3,325,571	6.04	3,412,571	6.15	3,412,571	6.31	2,014,570	3.99
Long term advance	-	-	-	-	-	-	-	-	-	-	-	-
Long term deposits and prepayments	19,281	0.03	21,773	0.03	28,181	0.05	33,657	0.06	62,316	0.12	37,970	0.08
Deferred tax assets-net	191,901	0.30	287,702	0.44	79,502	0.14	-	-	-	-	-	-
<b>Non-current assets</b>	<b>49,701,850</b>	<b>76.77</b>	<b>54,081,534</b>	<b>81.87</b>	<b>45,437,563</b>	<b>82.57</b>	<b>49,626,038</b>	<b>89.40</b>	<b>47,091,964</b>	<b>87.12</b>	<b>44,670,824</b>	<b>88.26</b>
Inventories	510,658	0.79	394,715	0.60	355,806	0.65	289,712	0.52	313,644	0.58	279,917	0.55
Trade debts	938,652	1.45	781,041	1.18	404,972	0.74	195,492	0.35	543,377	1.01	704,692	1.39
Contract Assets	20,620	0.03	27,654	0.04	22,863	0.04	3,578	0.01	29,752	0.06	-	-
Advances, prepayments, trade deposits, and other receivables	1,951,222	3.01	432,135	0.65	298,225	0.54	371,355	0.67	401,258	0.74	287,185	0.59
Short term investments	1,136,110	1.75	1,753,240	2.65	1,288,487	2.34	1,273,816	2.29	1,716,437	3.18	3,134,661	6.18
Short Term Advance	-	-	-	-	-	-	-	-	515,000	0.95	40,000	0.08
Advance income tax - net	787,018	1.22	541,212	0.82	495,508	0.90	481,238	0.87	454,898	0.84	216,899	0.43
Assets held for sale	9,339,704	14.43	7,659,099	11.59	6,442,198	11.71	2,908,739	5.24	2,748,739	5.08	-	-
Cash and bank balances	354,809	0.55	389,587	0.59	283,722	0.52	359,202	0.65	241,080	0.45	1,268,375	2.51
<b>Current assets</b>	<b>15,039,793</b>	<b>23.23</b>	<b>11,978,683</b>	<b>18.13</b>	<b>9,591,781</b>	<b>17.43</b>	<b>5,883,132</b>	<b>10.60</b>	<b>6,964,185</b>	<b>12.88</b>	<b>5,931,729</b>	<b>11.74</b>
<b>Total assets</b>	<b>64,741,643</b>	<b>100.00</b>	<b>66,060,217</b>	<b>100.00</b>	<b>55,029,344</b>	<b>100.00</b>	<b>55,509,170</b>	<b>100.00</b>	<b>54,056,149</b>	<b>100.00</b>	<b>50,539,553</b>	<b>100.00</b>
<b>Profit and Loss Account</b>												
Revenue - gross	15,718,075	100.00	14,228,668	100.00	8,198,862	100.00	9,576,845	100.00	11,982,998	100.00	12,362,265	100.00
Discounts and commissions	(338,102)	(2.15)	(294,405)	(2.07)	(171,352)	(2.09)	(130,905)	(1.37)	(136,138)	(1.14)	(168,561)	(1.36)
Sales tax	(2,117,936)	(13.47)	(1,945,775)	(13.68)	(1,086,689)	(13.25)	(1,277,527)	(13.34)	(1,628,765)	(13.59)	(1,666,453)	(13.48)
Revenue - net	13,262,037	84.37	11,988,488	84.26	6,940,821	84.66	8,168,413	85.29	10,218,095	85.27	10,527,251	85.16
Cost of sales and services	(8,235,348)	(52.39)	(7,026,233)	(49.38)	(4,744,596)	(68.36)	(5,438,898)	(56.79)	(6,157,666)	(51.39)	(5,647,370)	(45.68)
<b>Gross profit</b>	<b>5,026,689</b>	<b>37.90</b>	<b>4,962,255</b>	<b>41.39</b>	<b>2,196,225</b>	<b>31.64</b>	<b>2,729,515</b>	<b>33.42</b>	<b>4,060,429</b>	<b>39.74</b>	<b>4,879,881</b>	<b>46.35</b>
Other income	467,420	2.97	1,476,511	10.40	332,253	4.05	304,743	3.18	1,855,469	15.55	151,998	1.23
Administrative expenses	(3,849,838)	(24.49)	(2,898,746)	(20.37)	(1,987,791)	(24.24)	(2,901,127)	(30.29)	(3,197,078)	(26.68)	(3,268,064)	(26.44)
Reversal/(allowance) for impairment loss on trade debtors	136,587	0.87	(166,907)	(1.17)	122,392	1.49	(116,986)	(1.22)	(22,915)	(0.19)	-	-
Other expenses	-	-	-	-	(134,394)	(1.64)	(300,895)	(3.14)	-	-	-	-
<b>Operating profit/(loss)</b>	<b>1,780,858</b>	<b>11.33</b>	<b>2,044,253</b>	<b>14.37</b>	<b>528,685</b>	<b>6.45</b>	<b>(284,750)</b>	<b>(2.97)</b>	<b>1,025,905</b>	<b>8.56</b>	<b>1,763,815</b>	<b>14.27</b>
Finance income	265,967	1.69	136,851	0.96	102,458	1.25	169,207	1.77	251,218	2.10	99,262	0.80
(loss)/ gain on remeasurement of investments to fair value - net	(54,374)	(0.35)	(165,660)	(1.16)	18,191	0.22	674	0.01	(491,660)	(4.10)	(250,474)	(2.03)
Finance cost	(1,924,677)	(12.24)	(1,388,442)	(9.76)	(1,226,577)	(14.96)	(1,728,614)	(18.05)	(1,154,494)	(9.63)	(725,513)	(5.87)
Net finance cost	(1,713,084)	(10.90)	(1,417,251)	(9.96)	(1,105,928)	(13.49)	(1,558,733)	(16.28)	(1,394,936)	(11.64)	(876,725)	(7.09)
<b>Profit/(loss) before taxation</b>	<b>67,774</b>	<b>0.43</b>	<b>627,002</b>	<b>4.41</b>	<b>(577,243)</b>	<b>(7.04)</b>	<b>(1,843,483)</b>	<b>(19.25)</b>	<b>(369,031)</b>	<b>(3.08)</b>	<b>887,090</b>	<b>7.18</b>
Income tax	(286,050)	(1.82)	(1,784,3)	(10.13)	181,351	2.21	99,469	1.04	(494,367)	(4.13)	(391,534)	(3.17)
<b>(Loss)/ profit for the year</b>	<b>(218,276)</b>	<b>(1.65)</b>	<b>609,159</b>	<b>5.08</b>	<b>(395,892)</b>	<b>(5.70)</b>	<b>(1,744,014)</b>	<b>(21.35)</b>	<b>(863,398)</b>	<b>(8.45)</b>	<b>495,556</b>	<b>4.71</b>
(Loss)/ earnings per share - basic and diluted (Rupees)	(6.71)		18.73		(12.17)		(53.62)		(26.55)		15.24	

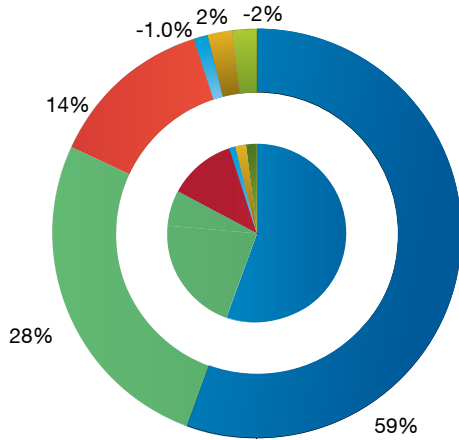


# STATEMENT OF VALUE ADDITION & ITS DISTRIBUTION

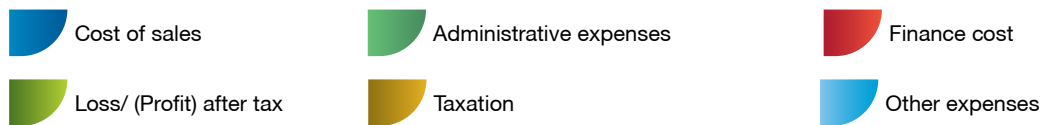
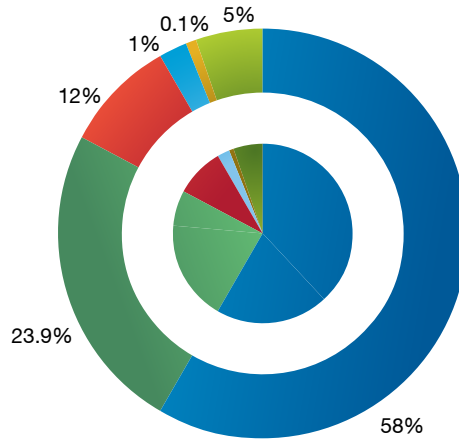
	2022-23	2021-22
	[Rupees'000]	
<b>VALUE ADDED</b>		
Sales and Services [Inclusive of GST and other taxes]	15,379,973	13,934,263
Other operating income - net	679,013	118,842
	<b>16,058,986</b>	<b>14,053,105</b>
Cost of sales and other expenses [Excluding salaries, wages and benefits & taxes]	[9,928,216]	[8,518,265]
	<b>6,130,770</b>	<b>5,534,840</b>
<b>DISTRIBUTION</b>		
Salaries, wages and benefits	3,945,059	2,962,062
Government [Taxes & Levies]	2,403,987	1,963,619
Retained in Business	[218,276]	609,159
	<b>6,130,770</b>	<b>5,534,840</b>



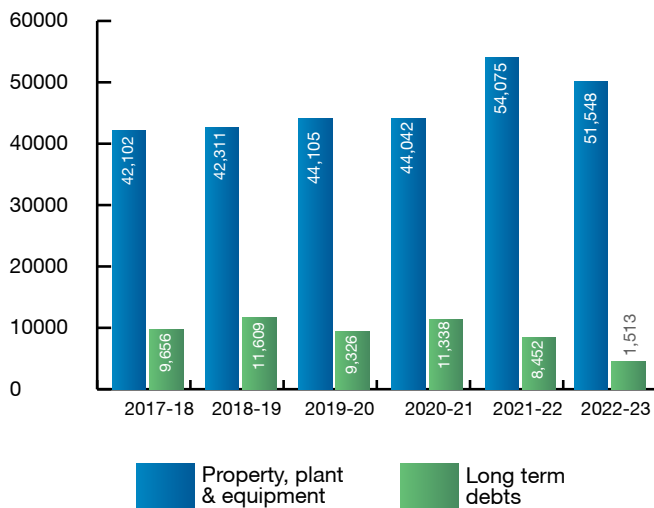
APPLICATION OF SALES & OTHER INCOME  
FINANCIAL YEAR 2022-23



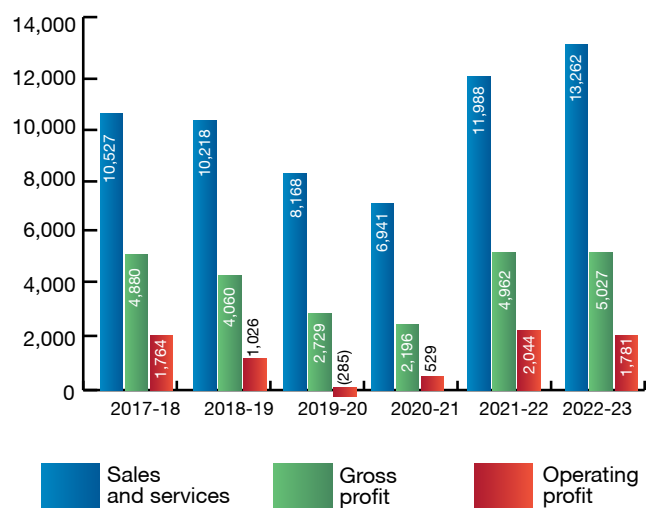
APPLICATION OF SALES & OTHER INCOME  
FINANCIAL YEAR 2021-22



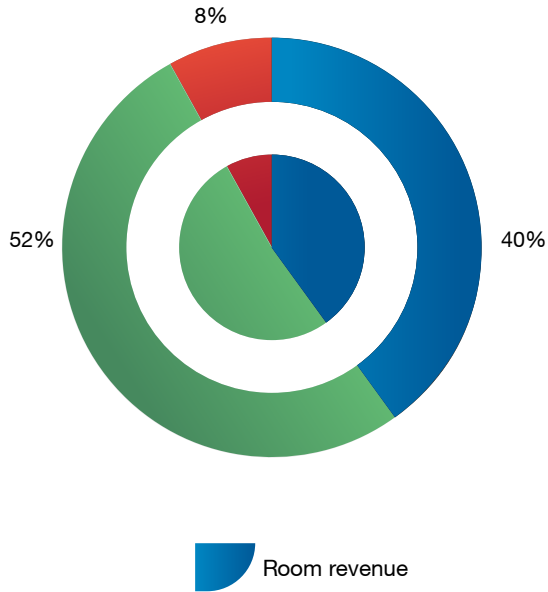
PROPERTY, PLANT & EQUIPMENT AT COST  
V/s LONG TERM DEBTS



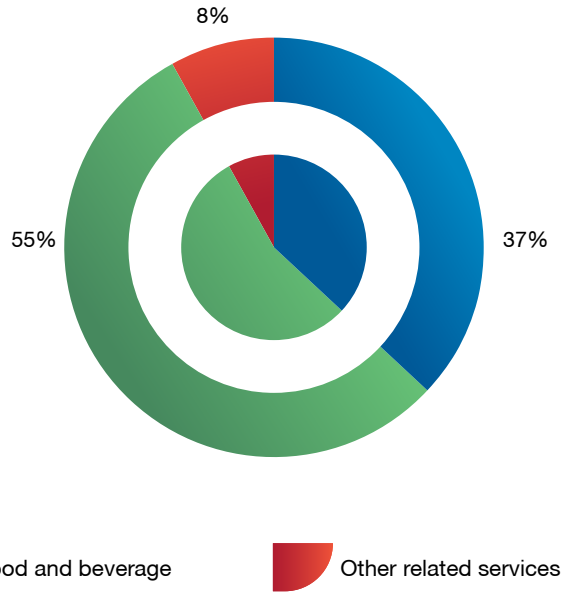
SALES AND SERVICES, GROSS PROFIT, OPERATING PROFIT



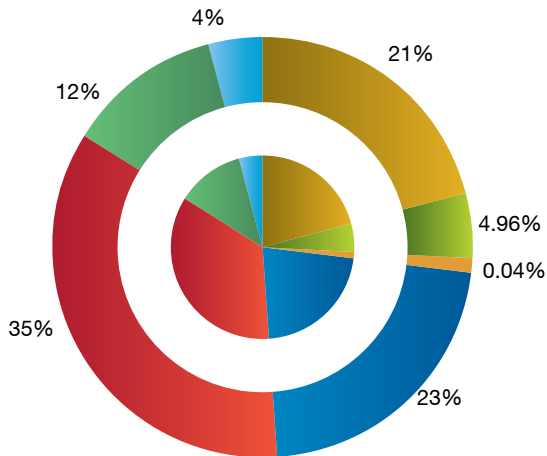
CONTRIBUTION OF MAJOR REVENUE GENERATING DEPARTMENTS  
FINANCIAL YEAR 2022-23



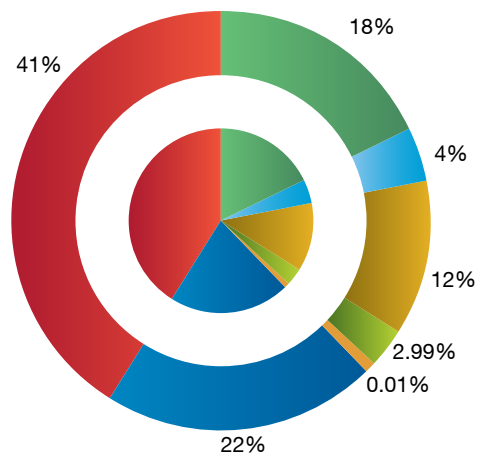
CONTRIBUTION OF MAJOR REVENUE GENERATING DEPARTMENTS  
FINANCIAL YEAR 2021-22



ROOM REVENUE  
2022-23



FOOD AND BEVERAGES REVENUE -  
HOTEL WISE  
2022-23



# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED 30 JUNE 2023

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

1. The total number of directors are ten [10] as per the following:
  - a. Male: Nine
  - b. Female: One
2. The composition of board is as follows:

Category	Names
Independent Director	1. Mr. Rohail Ajmal 2. Mr. Shahid Hussain 3. Mr. M. Saleem Ahmed Ranjha
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 9. Mr. M. Ahmed Ghazali Marghoob
Non- Executive Female Director	10. Ms. Ayesha Khan

\* In terms of Regulation no. 6[1] of the Listed Companies Code of Corporate Governance Regulations, 2019, it is mandatory for a listed company to have at least two or one-third members of the board, whichever is higher, as independent directors. The Company's board consists of ten members, one-third works out to 3.33, since the fraction is below half [0.5], the fraction arrived at such one-third is not rounded up to one. All independent directors have the requisite competencies, knowledge and diversified work experience to take decisions in the interest of the Company.

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 has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All Directors have duly obtained training under the Directors' Training Program or are exempted, from the Directors' Training Program. During the year the Company has also arranged a training program for a female executive namely, Ms. Lubna Qamar, VP Human Resources and a head of department namely Mr. Tahir Mahmood, CFO under the Director's Training Program.
10. The Board has approved the 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. Shahid Hussain [Chairman] 2. Mr. M. A. Bawany 3. Mr. M. Ahmed Ghazali Marghoob 4. Mr. Rohail Ajmal
HR & Remuneration Committee	1. Mr. Rohail Ajmal [Chairman] 2. Mr. Murtaza Hashwani 3. Mr. M. A. Bawany 4. Syed Haseeb Amjad Gardezi 5. M. Ahmed Ghazali Marghoob
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. Ms. Ayesha Khan 6. 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.



**Sadruddin Hashwani**  
Chairman  
September 28, 2023







# UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



Pearl-Continental Hotel, Malam Jabba



# 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 2023, 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 2023 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 your attention to Note 2.3 and 8 (on Going Concern and long term loans) which state that as at 30 June 2023 the Company has breached certain covenants under loan agreements with its lenders and as at 30 June 2023 its current liabilities exceed current assets by Rs 1,943 million. As at the date these financial statements were approved for issuance, the company had entered into restructuring agreements with its lenders. A condition precedent for the revised schedule to be enacted is the repayment of Rs 5,500 million by December 15, 2023, from the proceeds of the sale of properties classified as assets held for sale in these financial statements. As at the date these financial statements were approved for issuance, certain administrative approvals were pending for the above sale transaction to be completed. The company's CEO has signed legally irrevocable, legally binding sponsor support agreements to guarantee the aforementioned repayment of Rs 5,500 million. In accordance with the sponsor agreements concluded, the CEO will either inject equity or provide a sponsor loan to the tune of the repayment required by 15 December 2023. These events along with other events described in Note 2.3 indicate that a material uncertainty exist that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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



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

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	<p><b>Revenue recognition</b></p> <p>Refer notes 3.16 and 31 to the unconsolidated financial statements.</p> <p>The Company recognized revenue of Rs. 6,358 million and Rs. 8,246 million from rooms and sale of food and beverages respectively for the year ended 30 June 2023.</p> <p>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.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>● Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key manual internal controls over recording of revenue;</li> <li>● Comparing a sample of revenue transactions recorded during the year with sales invoices and other relevant underlying documents;</li> <li>● 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;</li> <li>● Assessing the appropriateness of accounting policies for revenue recognition for compliance with applicable financial reporting framework including application to the amounts recognized during the year;</li> <li>● 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; and</li> <li>● Assessing the adequacy of presentation and disclosures related to revenue as required under the accounting and reporting standards as applicable in Pakistan.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

S. No.	Key audit matters	How the matter was addressed in our audit
2	<p><b>Loans and borrowings from financial institutions</b></p> <p>Refer notes 3.7.2 and 8 to the unconsolidated financial statements.</p> <p>The Company utilized long-term loans and borrowing from financial institutions aggregating to Rs. 10,951 million as at 30 June 2023.</p> <p>We identified loans and borrowings from financial institutions as a key audit matter as during the year the Company has initiated the process of restructuring arrangement due liquidity constraints attributable to repayment of principal and interest installments.</p> <p>Further the loan and borrowing from financial institutions carry covenants, the non-compliance of which at the balance sheet date may effect their presentation.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• Obtained and inspected the restructuring agreements/ term sheets to ensure that restructuring terms have been agreed.</li> <li>• Assessing the appropriateness of the accounting treatment of restructuring of loans and borrowing from financial institutions for facilities for which restructuring agreements have been entered into prior to the year end and related conditions have been met.</li> <li>• Comparing the accounting treatment by the management to the restructured terms to ensure appropriate adjustment of liability in accordance with the applicable accounting and reporting framework.</li> <li>• Obtained direct confirmation from financial lending institution for outstanding balances of loans and borrowing from financial institutions as at 30 June 2023 to assess that the balances are in accordance with the restructured terms.</li> <li>• Inspecting compliance with the restrictive covenants of loan and borrowing from financial institutions to ensure that these are appropriately classified regardless of the restructuring arrangements; and</li> <li>• Assessing the adequacy of presentation and disclosures related to loans and borrowings from financial institutions including restructuring arrangements and covenant compliance status</li> </ul>

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

Management is responsible for the other information. Other information comprises the Chairman Review, Directors' Report, Key Operating and Financial Data, Horizontal analysis, Vertical Analysis and Statement of Value Addition and its Distribution included in the annual report for the year ended 30 June 2023, but does not include the consolidated and unconsolidated financial statements and our auditors' report thereon.

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

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 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.

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

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

Islamabad

5 October 2023

UDIN: AR202310111ki6ES1tUj



# 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 2023 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 the regulations as applicable to the Company for the year ended 30 June 2023.



KPMG Taseer Hadi & Co.

Chartered Accountants

Islamabad

05 October 2023

UDIN: CR202310111D4yEk6jlh

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2023

		30 June 2023	30 June 2022
	Note	[Rupees'000]	
<b>EQUITY</b>			
Share capital	4	325,242	325,242
Capital reserve	5	269,424	269,424
Revenue reserves	6	7,846,376	5,491,769
Revaluation surplus on property, plant and equipment	7	36,498,204	39,067,870
Total equity		44,939,246	45,154,305
<b>LIABILITIES</b>			
Loans and borrowings	8	1,513,050	8,451,722
Lease liabilities	9	187,581	213,491
Deferred government grant		-	4,638
Employee benefits	10	976,778	872,791
Other liabilities	11	141,960	12,934
<b>Non-current liabilities</b>		<b>2,819,369</b>	<b>9,555,576</b>
Short term borrowings	12	1,613,027	2,241,140
Current portion of loans and borrowings	8	10,620,322	4,879,957
Current portion of lease liabilities	9	118,977	100,546
Trade and other payables	13	3,324,697	2,532,060
Contract liabilities	32	795,235	710,863
Advance against non-current assets held for sale	28	500,000	875,000
Unpaid dividend	14	1,528	1,528
Unclaimed dividend		9,242	9,242
<b>Current liabilities</b>		<b>16,983,028</b>	<b>11,350,336</b>
Total equity and liabilities		<b>64,741,643</b>	<b>66,060,217</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	15		

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

		30 June 2023	30 June 2022
	Note	[Rupees'000]	
<b>ASSETS</b>			
Property, plant and equipment	16	46,360,926	49,534,613
Advances for capital expenditure	17	1,189,494	1,121,685
Intangible assets	18	91,454	123,896
Investment property	19	80,000	80,000
Long term investments	20	1,037,794	1,037,794
Advances against equity investment	21	731,000	1,874,071
Long term deposits	22	19,281	21,773
Deferred tax assets - net	23	191,901	287,702
<b>Non-current assets</b>		<b>49,701,850</b>	<b>54,081,534</b>
Inventories	24	510,658	394,715
Trade debts	25	939,652	781,041
Contract assets	32	20,620	27,654
Advances, prepayments, trade deposits and other receivables	26	1,951,222	432,135
Short term investments	27	1,136,110	1,753,240
Non-current assets held for sale	28	9,339,704	7,659,099
Advance income tax - net	29	787,018	541,212
Cash and bank balances	30	354,809	389,587
<b>Current assets</b>		<b>15,039,793</b>	<b>11,978,683</b>
<b>Total assets</b>		<b>64,741,643</b>	<b>66,060,217</b>



**Murtaza Hashwani**  
Chief Executive Officer



**M.A. Bawany**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

## FOR THE YEAR ENDED 30 JUNE 2023

		30 June 2023	30 June 2022
	Note	[Rupees'000]	
Revenue - net	31	13,262,037	11,988,488
Cost of sales and services	33	[8,235,348]	[7,026,233]
<b>Gross profit</b>		<b>5,026,689</b>	<b>4,962,255</b>
Other income	34	467,420	147,651
Administrative expenses	35	[3,849,838]	[2,898,746]
Reversal / [allowance] for impairment loss on trade debts	25	136,587	[166,907]
<b>Operating profit</b>		<b>1,780,858</b>	<b>2,044,253</b>
Finance income	36	265,967	136,851
Loss on remeasurement of investments to fair value - net		[54,374]	[165,660]
Finance cost	37	[1,924,677]	[1,388,442]
<b>Net finance cost</b>		<b>[1,713,084]</b>	<b>[1,417,251]</b>
Profit before taxation		67,774	627,002
Income tax	38	[286,050]	[17,843]
<b>[Loss] / profit for the year</b>		<b>[218,276]</b>	<b>609,159</b>
[Loss] / earnings per share - basic and diluted [Rupees]	39	[6.71]	18.73

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



**Murtaza Hashwani**  
Chief Executive Officer



**M.A. Bawany**  
Director



**Tahir Mahmood**  
Chief Financial Officer



# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2023

	30 June 2023	30 June 2022
Note	[Rupees'000]	
(Loss) / profit for the year	[218,276]	609,159
<b>Other comprehensive income</b>		
Items that will not be reclassified to statement of profit or loss		
Remeasurement of defined benefit liability - gratuity	5,274	[114,241]
Surplus on revaluation of property, plant and equipment	-	10,131,256
Related tax	[2,057]	33,130
Other comprehensive income for the year	3,217	10,050,145
Total comprehensive income for the year	[215,059]	10,659,304

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



**Murtaza Hashwani**  
Chief Executive Officer



**M.A. Bawany**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2023

	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 2021	325,242	269,424	29,105,049	1,600,000	3,195,286	34,495,001
Total comprehensive income for the year						
Profit for the year	-	-	-	-	609,159	609,159
Other comprehensive income for the year	-	-	10,131,256	-	(81,111)	10,050,145
Total comprehensive income for the year	-	-	10,131,256	-	528,048	10,659,304
Transfer on disposal	-	-	(168,435)	-	168,435	-
Balance at 30 June 2022	325,242	269,424	39,067,870	1,600,000	3,891,769	45,154,305
Balance at 01 July 2022	325,242	269,424	39,067,870	1,600,000	3,891,769	45,154,305
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(218,276)	(218,276)
Other comprehensive income for the year	-	-	-	-	3,217	3,217
Total comprehensive income for the year - [loss]	-	-	-	-	(215,059)	(215,059)
Transfer on disposal	-	-	(2,569,666)	-	2,569,666	-
Balance at 30 June 2023	325,242	269,424	36,498,204	1,600,000	6,246,376	44,939,246

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



**Murtaza Hashwani**  
Chief Executive Officer



**M.A. Bawany**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2023

		30 June 2023	30 June 2022
	Note	[Rupees'000]	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash flow from operating activities before working capital changes	40	2,560,661	3,357,502
<b>Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Inventories		[115,879]	[38,909]
Trade debts		[22,024]	[563,786]
Contract assets		7,034	[4,791]
Advances		[29,263]	[2,506]
Trade deposits and prepayments		[41,484]	[7,575]
Other receivables		[155,269]	[123,829]
<b>(Decrease) / increase in liabilities</b>			
Trade and other payables		766,336	458,380
Contract liabilities		84,372	198,482
Non-current liabilities		-	[5,867]
<b>Cash generated from / (used in) operations</b>		<b>493,824</b>	<b>[90,401]</b>
Staff retirement benefit - gratuity paid		[46,806]	[34,870]
Compensated leave absences paid		[29,060]	[18,184]
Income tax paid	29	[438,112]	[232,582]
Finance cost paid		[2,443,455]	[2,195,322]
<b>Net cash generated from operating activities</b>		<b>97,051</b>	<b>786,143</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		[1,431,133]	[1,024,706]
Advance for capital expenditure		[67,809]	[17,073]
Proceeds from disposal of property, plant and equipment	16.1.9	70,179	216,501
Procurement of intangible asset		-	[92,202]
Advances against equity to subsidiaries		[150,000]	-
Equity refunded from subsidiary		-	1,451,500
Short term investments		556,000	[628,056]
Advance against non-current asset held for sale		500,000	875,000
Increase in non-current asset held for sale		[333,675]	[493,557]
Proceeds against non-current asset held for sale		2,344,220	-
Dividend income received		61,427	60,452
Receipts of return on bank deposits and short term investments		204,713	73,017
Long term deposits and prepayments		2,492	6,408
<b>Net cash from investing activities</b>		<b>1,756,413</b>	<b>427,284</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term financing		[1,704,652]	[592,433]
Proceeds from loan		351,050	-
Proceeds from allocation of rooms on long term basis		215,509	-
Lease liabilities paid	41.1	[90,079]	[106,199]
Transaction cost paid		[15,000]	[8,200]
<b>Net cash used in financing activities</b>		<b>[1,243,171]</b>	<b>[706,832]</b>
<b>Net increase in cash and cash equivalents</b>		<b>610,293</b>	<b>506,595</b>
Cash and cash equivalents at beginning of the year		[1,787,969]	[2,294,564]
Cash and cash equivalents at end of the year	41	[1,177,676]	[1,787,969]

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



**Murtaza Hashwani**  
Chief Executive Officer



**M.A. Bawany**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 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, Multan, Muzaffarabad and Mirpur are disclosed in note 16.1.5.

### 2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

#### 2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards [IFRS Standards], issued by the International Accounting Standards Board [IASB] as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards [IFAS] issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

#### 2.2 Basis of measurement and preparation

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

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

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

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



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 2.3 Going concern basis of accounting

As at June 30, 2023, the Company was in breach of certain covenants under loan agreements with its lenders (refer to Note 8.6). The Company's current liabilities exceeded its current assets by Rs 1,943 million as at 30 June 2023. This liquidity position was primarily due to the classification of long-term loans as current liabilities due to the breach of certain loan covenants. These breaches were subsequently rectified. Had these rectifications been in place on June 30, 2023, current assets would have exceeded current liabilities by Rs 1,579 million.

As at the date that these financial statements were authorized for issue, the Company had entered into restructuring agreements with its lenders. A condition precedent for the revised schedule to be enacted is a loan repayment amounting to Rs 5,500 million by December 15, 2023 out of the proceeds from the sale of certain properties classified as assets held for sale in these financial statements. As at the date that these financial statements were authorized for issue, certain administrative approvals were pending for the sale transaction to be completed (refer to Note 28.1).

The Company's CEO has signed legally irrevocable, legally binding sponsor support agreements to guarantee the repayment of Rs 5,500 million. In accordance with the sponsor support agreements concluded, the CEO will either inject equity or provide sponsor loan.

However, Management has prepared these financial statements on a going concern basis based on the following considerations:

- Although letters from lenders explicitly waiving the right to demand early repayment of loans were not received prior to the reporting period end, management believes that the lenders will not execute these rights as they have agreed to further restructuring of loans. As at the date that these financial statements were authorized for issue, the Company signed restructuring agreements with lenders. The lenders have also confirmed in writing subsequent to the reporting period end that covenants applicable for year end 30 June 2023 have been waived and accordingly repayment will be demanded as per restructured agreements if condition precedent is met.
- The condition precedent for the revised schedule as per restructured arrangements with the Banks to be enacted is the loan of Rs. 5.5 billion by 15 December 2023, out of the proceeds from sale of properties classified as assets held for sale in these financial statements. For these purposes, the Company and its subsidiary have entered into agreements to sell the said properties for Rs. 6,250 million. The company has received Rs. 650 million as a prepayment for the sale of some of the properties classified as assets held for sale. Although the sale transaction has not been completed due to some pending administrative approvals, management believes that the necessary approvals will be received within the time frame stipulated in the restructuring agreements.
- The repayment of the loans, including accrued markup, for the amount of Rs. 5.5 billion is also guaranteed by the Company's CEO. The CEO has signed legally irrevocable, legally binding sponsor agreements to guarantee this repayment. In accordance with the sponsor support agreements concluded, the CEO will either inject equity or provide a sponsor loan. In case a sponsor loan is provided, it will be subordinated to the existing debt facilities of the Company and the sponsor confirmed that he will not demand repayment of the loan if such repayment will negatively affect the financial position and the financial performance of the Company.
- The Company believes that it will be able to repay other loan obligations, including Rs. 1.28 billion, which is due by 30 June 2024 under restructured agreements, out of cash-flows from operating activities.

The Company plans to improve net cash-inflow from operating activities starting from 1 July 2023. According to the Company's forecasts, net operating cash-flows for the year ended 30 June 2024 and 30 June 2025 will amount to Rs. 0.59 billion and Rs. 3.16 billion respectively. The Company's management believes that the cash flow of the Company will be sufficient to finance all its due obligations.

The improved cash flow would result from an increase in revenue, which the Company has been achieving consistently in the recent past. This increase is further expected to be coupled with a significant decrease in finance costs, which are currently a major contributor to the loss and cash out flows. The Company is also taking measures to curtail the increase in operating costs through efficient resource management, including human resources, fuel and power, and inventory.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

Based on the factors above, management has a reasonable expectation that the Company has and will have adequate resources to continue in operational existence for the foreseeable future.

Management acknowledges that the manner and timing of all the assumptions and projected results envisaged in management's assessment and cash flow projections are always subject to unforeseen variability, and these may differ due to events and conditions outside the control of management. The events and conditions above indicate a material uncertainty on the manner of achievement of planned actions and projected results that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge 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 Pakistani 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 & 16.1 - useful lives, reassessed values, residual values and depreciation method of property, plant and equipment
- Note 15 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3.14 & 10 - measurement of defined benefit obligations: key actuarial assumptions
- Note 3.15 & 38 - estimation of income tax provisions
- Note 3.10.1 & 25 - measurement of allowance for expected credit loss
- Note 2.3 - going concern basis of accounting
- Note 28 - fair value of non-current assets held for sale

### 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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.

#### 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 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 16.1.

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.

### 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 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 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.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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

### Lease liabilities

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

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

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

### Short term leases and low-value assets

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

## 3.4 Investment property

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

## 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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

accordingly. Impairment losses are recognized as expense in profit or loss. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to their revised recoverable amounts but limited to the extent of initial cost of investments. Reversal of impairment loss is recognized in the profit or loss.

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

### 3.5.2 Investments in associates and jointly controlled entities

#### Associates

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

#### 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 3.7 Financial instruments

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

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

#### 3.7.1 Financial assets

##### Classification

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

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

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

##### [a] Amortized cost

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

##### [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.

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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in unconsolidated profit or loss.
Equity investment at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in unconsolidated profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in unconsolidated OCI and are never reclassified to unconsolidated profit or loss.

### De-recognition

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

### 3.7.2 Financial liabilities

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

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

### 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. 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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

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

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

### 3.10.2 Impairment of non-financial assets

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

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

### 3.11 Provisions

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

### 3.12 Contingent liabilities

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

### 3.13 Share capital and dividend

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



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 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.

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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 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.

### 3.16 Revenue recognition

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

#### 3.16.1 Revenue from contracts with customers

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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 over time as the customer simultaneously receives and consumes the benefit. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Room revenue is recognized on the rooms occupied on daily basis and after completing all other obligation related to the room.
Food and beverages revenue	The performance obligation is satisfied at the point in time when food and beverages are served to the customer. For service charges levied on food and beverages, the performance obligation is satisfied at the point in time when the food and beverages are served. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Food and beverages revenue is recognized on consumption of food and beverages by the customer.
Revenue from other related services	The performance obligation is satisfied at the point in time / over time when services are provided to the customer. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Revenue from other related services is recognized when the services are provided.
Revenue from franchise & management fee	The performance obligation is satisfied over time as and when management and technical services are provided to the customer. There is no financing component involved.	Revenue is recognized when it is probable that the related economic benefits will flow to the entity.

### Contract cost

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

### Contract assets

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

### Contract liabilities

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

### 3.16.2 Other income

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 3.17 Non-current assets held for sale

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

### 3.18 Foreign currency transactions and translation

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

### 3.19 Operating profit

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

### 3.20 Finance income and finance costs

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

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

### 3.21 Government grant

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

### 3.22 Ijarah contracts

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

### 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 3.24 Fair value measurement

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

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

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

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

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

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

### 3.25 Earnings per share

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

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2023:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

- Non-current Liabilities with Covenants [amendment to IAS 1 in October 2022] aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date [i.e. future covenants] do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 [as referred above].
- Disclosure of Accounting Policies [Amendments to IAS 1 and IFRS Practice Statement 2] – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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

- Definition of Accounting Estimates [Amendments to IAS 8] introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction [Amendments to IAS 12] narrow the scope of the initial recognition exemption [IRE] so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Lease Liability in a Sale and Leaseback [amendment to IFRS 16 in September 2022] adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend 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

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.
- International Tax Reform – Pillar Two Model Rules (amendments to IAS 12 ) introduce following new disclosure requirements:
- Once tax law is enacted but before top-up tax is effective: disclose information that is known or can be reasonably estimated and that helps users of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date. If information is not known or cannot be reasonably estimated at the reporting date, then a company discloses a statement to that effect and information about its progress in assessing the Pillar Two exposure.
- After top-up tax is effective: disclose current tax expense related to top-up tax.

3.27 Following new standards, amendments and interpretations become effective during the period 01 July 2022, but they do not have a material effect on the Company's unconsolidated financial statements:

Effective date	New standard or amendments
01 January 2023	Amendments to IAS-8, definition of accounting estimates
01 January 2023	Amendments to IAS-12, Deferred tax related to Assets and liabilities
01 January 2023	Amendments to IAS-1, classification of liabilities as current
01 January 2023	Amendments to IAS-1 Disclosure of accounting policies and IFRS Practice statement -2

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 4 SHARE CAPITAL

#### 4.1 Authorised share capital

Authorized share capital is 200,000,000 [2022: 200,000,000] ordinary share of Rs. 10 each.

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

2023		2022			2023		2022	
Number of shares					[Rupees'000]			
25,672,620	25,672,620	Ordinary shares of Rs.10 each			256,726	256,726		
362,100	362,100	- Fully paid in cash			3,621	3,621		
6,489,450	6,489,450	- For consideration other than cash [against property]			64,895	64,895		
32,524,170	32,524,170	- Bonus shares			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 10,373,749 [2022: 10,540,416] and 509,514 [2022: 503,657] 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. Under the term of the loans restructuring arrangements as agreed with the financial institutions before these financial statements were authorized for issue, The Company is barred from payment of any dividend, further unappropriated profit includes an amount of Rs. 3,048 million [2022: Rs. 412 million] on account of surplus on revaluation of Land and net gain on disposal of capital assets, distribution of the same is subject to section 240 of companies Act 2017.

5	CAPITAL RESERVES	Note	2023	2022
			[Rupees'000]	
	Share premium	5.1	269,424	269,424

5.1 Capital reserve represents share premium as and when received.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

6	REVENUE RESERVES	Note	2023	2022
			[Rupees'000]	
	General reserve		1,600,000	1,600,000
	Unappropriated profits		6,246,376	3,891,769
			<b>7,846,376</b>	<b>5,491,769</b>

7	REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT	Note	2023	2022
			[Rupees'000]	
	Balance at 01 July		39,067,870	29,105,049
	Surplus on revaluation recognized during the year		-	10,131,256
	Transferred to revenue reserves	7.1	[2,569,666]	[168,435]
	Balance at 30 June		<b>36,498,204</b>	<b>39,067,870</b>

7.1 This represents amount transferred on disposal of property bearing survey No.32-B, Khyber Road, Peshawar.

8	LOANS AND BORROWINGS - SECURED	Note	2023	2022
			[Rupees'000]	
a.	<b>Non current portion</b>			
	Term Finance Loan - 1	8.1	1,915,649	534,035
	Term Finance Loan - 2	8.2	-	1,662,520
	Term Finance Loan - 3	8.3	1,333,333	1,765,539
	Term Finance Loan - 4	8.4	1,600,000	1,800,000
	Term Finance Loan - 5		-	147,884
	Term Finance Loan - 6	8.5	351,050	-
	Sukuk	8.6	5,751,166	6,390,184
	Transaction cost		[32,711]	[27,080]
			<b>10,918,487</b>	<b>12,273,082</b>
	Current portion of loans		<b>[9,405,437]</b>	<b>[3,970,016]</b>
			<b>1,513,050</b>	<b>8,303,066</b>
	Markup accrued - non-current		-	148,656
			<b>1,513,050</b>	<b>8,451,722</b>
b.	<b>Current portion</b>			
	Current portion of loans	8.8	9,405,437	3,970,016
	Markup accrued		1,214,885	909,941
			<b>10,620,322</b>	<b>4,879,957</b>

8.1 This represents outstanding balance of term finance loan of Rs. 3,000 million carrying markup of 3-month KIBOR plus 0.75% [2022: 3-month KIBOR plus 0.75 to 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. 2,734 million [2022: Rs. 1,534 million and Rs. 1,200 million], first pari passu charge over all present and future movable assets of Pearl Continental Hotel, Rawalpindi to the extent of Rs. 734 million [2022: Rs. 734 million]. During the year, the Company approached to the financial institution for restructuring and deferment of payments including unpaid amounts on March 2023 and June 2023, the financial institution has approved the restructuring and all the outstanding loans have be merged into a single loan, and deferred the unpaid amounts along with payment due in September 2023 quarter till December 2023, all these outstanding amount are due to for payment in December 2023, upon settlement of these outstanding amounts the lender is to consider the extension in tenor of loan as per request letter dated 05 June 2023 on the expiry of deferment period.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

- 8.2 As part of restructuring arrangements, this loan has been merged with other term loan extended by the same financial institution refer note 8.1.
- 8.3 This represents the outstanding balance of term finance loan of Rs. 3,000 million carrying markup of 3-month KIBOR plus 0.75% [2022: 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 [2022: Rs. 4,000 million] and Equitable mortgage and hypothecation charge on fixed assets of Pearl Continental Hotel Multan to the extent of Rs. 2.983 million [2022: Nil] and Rs. 1,127 million respectively. During the year the Company approached to the financial institution for restructuring and deferment of payments including unpaid amounts on March 2023 and June 2023 along with the payment becoming due in September 2023 till December 2023, In principle approval for restructuring of facility was shared by the financial institution in form of facility offer letter (FOL) dated June 27, 2023 and formal restructuring documentation was executed subsequent to reporting date i.e. June 30, 2023, consequently the facility stands classified to current as of reporting date. The deferred amounts of three quarters are due for payment in December 2023, upon settlement of these amounts, the lender is to consider the extension in tenor of loan as per request letter dated 05 June 2023 on the expiry of deferment period.
- 8.4 This represents the outstanding balance of term finance loan of Rs. 2,000 million carrying markup of 6-month KIBOR plus 0.65% [2022: 6-month KIBOR plus 0.65%] per annum payable semi-annually. This facility is secured against first pari passu charge over Pearl Continental Hotel, Rawalpindi to the extent of Rs. 3,464 million. During the year the Company approached to the financial institution for restructuring and deferment of payments including unpaid amounts on May 2023, along with the payment becoming due in November 2023 till December 2023. In principle approval for restructuring of facility was shared by the financial institution in form of facility offer letter (FOL) dated June 27, 2023 and formal restructuring documentation was signed subsequent to reporting date i.e. June 30, 2023, consequently the facility stands classified to current as of reporting date. The deferred amounts of two semi-annual periods are due for payment in December 2023, upon settlement of these amounts, the lender is to consider the extension in tenor of loan as per request letter dated 05 June 2023 on the expiry of deferment period.
- 8.5 This represents sale and lease back facility availed by the Company from an Islamic financial institution. The facility carries markup of 3-month KIBOR plus 1% to 1.5% [2022: Nil] per annum payable monthly. The facility is secured by way of charge on specific machinery and equipment to the extent of Rs. 430 million [2022:Nil].
- 8.6 This represents outstanding balance of rated, secured, long term privately placed Sukuk certificates. Pak Brunei Investment Company Limited is the trustee while Faysal Bank Limited is acting as shariah structuring advisor for this Sukuk arrangement. The Sukuk tenor is six years, and carries profit of 03-month KIBOR plus 1% [2022: 3-month KIBOR plus 1%] per annum payable quarterly. 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 Company approached to Sukuk holders for restructuring and deferment of payments including unpaid amounts on March 2023 and June 2023, the Sukuk holders has approved the restructuring and deferred the unpaid amounts along with payment due in September 2023 quarter till December 2023, all these outstanding amounts are due for payments in December 2023, upon settlement of these outstanding amounts the lender is to consider the extension in tenor of loan as per requested letter dated 12 May 2023 on the expiry of deferment period.
- This Sukuk arrangement contains certain covenants for which the Company secured waiver for compliance post to reporting date that is 30 June 2023, in compliance of relevant reporting standard, the total outstanding amount of sukuk facility has been classified to current as of reporting date.
- 8.7 Under the terms of restructuring arrangements, the Company's non-core property situated at Civil Line Quarters, Karachi will be disposed off, and further the company will partially disinvest from its wholly owned subsidiary, all these proceeds will be utilized to repay the deferred payments due in December 2023. Further all these restructuring arrangements are supported with sponsor support agreements. The Company will not pay any dividend, and repay subordinated related party loans during the tenor of the facilities. Further, all existing and future related party loans shall be subordinated till satisfaction of all existing term loan facilities.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

- 8.8 The company is to comply with certain covenants contained in finance agreements against which the company secured waiver post to reporting date besides signing of certain restructuring agreements beyond June 30, 2023, had these waiver and execution of documentation were in place as of reporting date i.e. 30 June 2023, the current maturity of loans and sukuk facility would have been as follows:

	Note	2023 [Rupees'000]	2022
Current portion		4,037,993	3,970,016
<b>9 LEASE LIABILITIES</b>			
Lease liabilities - Vehicles	9.1	16,861	31,684
Lease liabilities - Land and rental spaces		289,697	282,353
	9.2	306,558	314,037
Current portion		118,977	100,546
Non current portion		187,581	213,491

- 9.1 This represents outstanding balance of diminishing musharaka facility from an Islamic financial institution and carries markup of 3-month KIBOR plus 1% [2022: 3-month KIBOR plus 1%] per annum payable monthly. The facility is secured by way of ownership of leased assets.

		2023 [Rupees'000]	2022
<b>9.2 Maturity of Lease liabilities is follows</b>			
Not later than one year		133,616	129,204
Later than one year and not later than five years		175,371	169,558
Later than five year		410,105	435,083
		719,092	733,845
Imputed interest		(412,534)	(419,808)
		306,558	314,037
<b>9.3 Movement of lease liabilities is as follows:</b>			
Balance as at 01 July		314,037	218,528
Interest expense		40,369	23,031
Additions		82,600	201,708
Payments		(130,448)	(129,230)
		306,558	314,037

- 9.4 The Company has recognised lease rentals in the statement of profit or loss amounting to Rs. 26.616 million [2022: Rs. 18.038 million] relating to short term leases.

- 9.5 The Company has recognised variable lease consideration of Rs. 0.910 million [2022: Nil] in the statement of profit or loss.

- 9.6 The current payable amount to related party is Rs. 7.6 million [2022: Rs. 3.60 million.]

	Note	2023 [Rupees'000]	2022
<b>10 EMPLOYEE BENEFITS</b>			
Net defined benefit liability - gratuity	10.1.1	832,960	747,269
Net defined benefit liability - compensated leave absences	10.2.1	143,818	125,522
		976,778	872,791

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 10.1 Net defined benefit liability - gratuity

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

	Note	2023	2022
		[Rupees'000]	
<b>10.1.1 Movement in net defined liability - gratuity</b>			
Present value of defined benefit obligation		747,269	582,131
Included in profit or loss	10.1.3	153,977	112,390
Benefits paid		[46,806]	[34,870]
Benefits due but not paid		[16,206]	[26,623]
Included in other comprehensive income	10.1.4	[5,274]	114,241
Balance at 30 June		832,960	747,269
<b>10.1.2 Reconciliation of liability recognised in the statement of financial position</b>			
Present value of defined benefit liability		832,960	747,269
Net defined benefit liability		832,960	747,269
<b>10.1.3 Included in profit or loss</b>			
Current service cost		59,138	41,287
Interest cost		94,839	55,174
Past service cost		-	16,279
Plan settlement		-	[350]
		153,977	112,390
<b>10.1.3.1 Expense is recognized in the following line items in profit or loss</b>			
Cost of sales and services		94,727	70,202
Administrative expenses		59,250	42,188
		153,977	112,390
<b>10.1.4 Included in other comprehensive income</b>			
Actuarial loss from changes in financial assumptions		[28,697]	2,096
Experience adjustments on defined benefit liability		23,423	112,145
		[5,274]	114,241
<b>10.1.5 Actuarial assumptions</b>			

The latest actuarial valuation was carried out on 30 June 2023 using projected unit credit method with the following assumptions:

	Note	2023	2022
<b>Significant assumptions</b>			
Discount rate		16.25%	13.25%
Expected increase in eligible salary		12.00%	13.25%
<b>Other assumptions</b>			
Mortality rate	10.1.5.1	SLIC 2001-2005	SLIC 2001-2005
Withdrawal rate		Age - based	Age - based
Retirement assumption		Age-60	Age-60

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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].

### 10.1.5.2 Sensitivity analysis of significant assumptions

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

	2023		2022	
	Increase	Decrease	Increase	Decrease
	[Rupees'000]		[Rupees'000]	
Discount rate	791,462	878,087	706,729	792,395
Salary increase rate	878,636	790,235	792,650	705,764

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. 197.881 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	2023	2022
	[Rupees '000]	
FY 2023	-	31,872
FY 2024	50,830	77,211
FY 2025	102,549	105,796
FY 2026	103,642	99,842
FY 2027	133,326	122,475
FY 2028	132,637	119,289
FY 2029	324,505	270,913
FY 2030	250,268	206,297
FY 2031	278,124	232,600
FY 2032	176,904	139,376
FY 2033	290,809	-
FY 2033/2032 onward	-	2,297,653
FY 2034/2033 onward	3,146,907	-

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 10.2 Net defined benefit liability - compensated leave absences

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

	Note	2023 [Rupees'000]	2022
<b>10.2.1 Movement in defined benefit liability compensated leave absences</b>			
Present value of defined benefit obligation		125,522	102,610
Included in profit or loss	10.2.3	49,550	43,002
Benefits paid		[29,060]	[18,184]
Benefits due but not paid		[2,194]	[1,906]
Balance at 30 June		143,818	125,522
<b>10.2.2 Reconciliation of liability recognised in the statement of financial position</b>			
Present value of defined benefit liability		143,818	125,522
Net defined benefit liability		143,818	125,522
<b>10.2.3 Included in profit or loss</b>			
Current service cost		30,828	27,626
Interest cost		14,561	9,256
Experience adjustments on defined benefit liability		4,161	6,005
Plan settlement		-	115
		49,550	43,002
<b>10.2.3.1 Expense is recognized in the following line items in profit or loss</b>			
Cost of sales and services		19,522	20,132
Administrative expenses		30,028	22,870
		49,550	43,002
<b>10.2.4 Actuarial assumption</b>			
Significant assumptions			
Discount rate		16.25%	13.25%
Expected increase in eligible salary		12.00%	13.25%
Other assumptions			
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:

	2023		2022	
	Increase	Decrease	Increase	Decrease
	[Rupees'000]		[Rupees'000]	
Discount rate	134,204	154,632	117,195	135,433
Salary increase rate	154,352	134,296	135,130	117,320

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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 OTHER LIABILITIES		2023	2022
		[Rupees'000]	
	Other liabilities	141,960	-
	Current portion	-	-
	Non- current portion	141,960	-
11.1 This represents advance amount received under long term room management arrangement on time sharing basis with a separate understanding for management of the room under an agreed rate of annual profit sharing, this advance amount is refundable upon completion of arrangement with 40% margin, further the company will also provide complimentary nights under the arrangement, Initially the liability is carried at its fair value and subsequent to initial recognition this is being carried at it amortized cost.			
12 SHORT TERM BORROWINGS		2023	2022
		[Rupees'000]	
	Running finance facilities - from banking companies- secured	1,531,623	2,176,245
	Markup accrued	81,404	64,895
		1,613,027	2,241,140
12.1 These facilities are obtained from various commercial banks with an aggregate limit of Rs. 1,830 million (2022: Rs. 2,330 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 and TFCs held by the Company. These facilities carry markup rates ranging from 1-month KIBOR to 3-month KIBOR plus 0.6% to 1.5% (2022: 1-month KIBOR to 3-month KIBOR plus 0.6% to 1.5%) per annum.			
12.2 The Company has unutilised running finance facilities aggregating to Rs. 300 million (2022: Rs.153.76 million) at the year end.			



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

13	TRADE AND OTHER PAYABLES	Note	2023	2022
			[Rupees'000]	
	Creditors		1,712,323	1,041,802
	Accrued liabilities		728,997	557,666
	Shop deposits	13.1	50,795	53,575
	Retention money		149,167	170,161
	Due to related parties - unsecured		64,747	23,509
	Sales tax payable		218,507	222,062
	Income tax deducted at source		53,808	6,941
	Un earned income		37,700	58,409
	Other liabilities	13.2	308,653	397,935
			<b>3,324,697</b>	<b>2,532,060</b>
13.1	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.			
13.2	This includes amount of Rs. 20.71 million [2022: Rs. 22.47 million] payable to director of the Company.			
14	<b>UNPAID DIVIDEND</b>			
14.1	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.			
15	<b>CONTINGENCIES AND COMMITMENTS</b>			
15.1	<b>Contingencies</b>			
15.1.1	For tax related contingencies, refer note 38.3.			
15.1.2	<b>Guarantees</b>	Note	2023	2022
			[Rupees'000]	
	Guarantees issued by banks on behalf of the Company.		329,200	369,069
15.1.2.1	This also includes guarantee of Rs.7 million on behalf of wholly owned subsidiary company.			
15.2	<b>Commitments</b>			
	Commitments for capital expenditure		2,915,776	2,747,885
16	<b>PROPERTY, PLANT AND EQUIPMENT</b>			
	Operating fixed assets	16.1	42,489,556	45,803,771
	Capital work in progress	16.2	3,871,370	3,730,842
			<b>46,360,926</b>	<b>49,534,613</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

## 16.1 OPERATING FIXED ASSETS

## 16.1.1 Reconciliation of carrying amount

Cost / Revalued amounts	Rupees 000										
	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Owned	Plant and machinery	Furniture, fixtures, fittings and office equipment	Computers	Leased	Right of use asset	Total
Balance at 01 July 2021	13,202,478	14,772,910	2,712,237	2,506,786	5,288,564	4,080,513	825,545	190,489	310,177	152,420	44,042,119
Additions	-	-	-	-	43,693	5,746	4,865	1,096	201,708	-	257,108
Disposals	(168,495)	-	(50,509)	(18,456)	(1,365)	-	(868)	(44,395)	-	-	(284,028)
Lease termination	-	-	-	-	-	-	-	32,323	(194,026)	(32,323)	(194,026)
Transfer from CWIP	-	-	156,925	312,503	332,789	111,661	4,423	-	-	-	918,301
Revaluation surplus	5,583,736	4,547,520	-	-	-	-	-	-	-	-	10,131,256
Transfer	-	-	-	-	-	-	-	24,704	-	(24,704)	-
Transfer from non-current asset held for sale (refer note 27.1)	2,620,000	-	128,739	-	-	-	-	-	-	-	2,748,739
Transfer to non-current asset held for sale	-	(2,570,000)	-	(398,779)	(245,574)	(281,139)	(47,103)	(2,028)	-	-	(3,544,623)
Balance at 30 June 2022	21,237,779	16,750,430	2,947,392	2,402,054	5,418,107	3,916,781	786,862	202,189	317,859	95,393	54,074,846
Balance at 01 July 2022	21,237,779	16,750,430	2,947,392	2,402,054	5,418,107	3,916,781	786,862	202,189	317,859	95,393	54,074,846
Additions	-	-	-	-	48,426	20,436	27,776	31,744	75,369	8,034	211,785
Disposals	-	-	-	-	(7,906)	-	(2,402)	(72,867)	-	-	(83,175)
Transfer	-	-	-	-	-	-	-	27,230	(27,230)	-	-
Lease termination	-	-	-	-	-	-	-	-	(24,997)	-	(24,997)
Transfer from CWIP (refer note 16.2)	-	-	350,408	418,457	236,064	157,057	588	-	-	-	1,162,574
Revaluation surplus	-	-	-	-	-	-	-	-	-	-	-
Transfer from non-current asset held for sale	-	-	(128,739)	-	-	-	-	(3,389)	-	-	(3,792,128)
Balance at 30 June 2023	17,577,779	16,750,430	3,169,061	2,820,511	5,694,691	4,094,274	812,824	184,907	368,231	76,197	51,549,905
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
Balance at 01 July 2021	-	-	870,721	993,343	3,242,661	2,011,616	575,135	92,861	171,896	47,405	8,005,638
Depreciation	-	-	110,250	76,515	299,983	295,192	66,311	14,701	75,264	13,090	951,306
Disposals	-	-	(38,761)	(7,233)	(673)	(590)	(14,517)	(61,774)	-	-	(61,774)
Lease termination	-	-	-	-	-	-	-	9,161	(194,026)	(9,161)	(194,026)
Transfer	-	-	-	-	-	-	-	-	9,657	(9,657)	-
Transfer to non-current asset held for sale	-	-	-	(114,696)	(130,121)	(148,234)	(35,540)	(1,478)	-	-	(430,069)
Balance at 30 June 2022	-	-	942,210	947,929	3,411,850	2,158,574	605,316	110,385	53,134	41,677	8,271,075
Adjusted balance at 01 July 2022	-	-	942,210	947,929	3,411,850	2,158,574	605,316	110,385	53,134	41,677	8,271,075
Depreciation (refer note 16.1.6)	-	-	104,133	63,161	288,862	254,718	50,991	11,411	85,474	7,215	885,985
Transfer to CWIP	-	-	-	-	-	-	-	-	1,154	-	1,154
Disposals	-	-	-	-	(7,267)	-	(1,494)	(41,326)	-	-	(50,087)
Transfer	-	-	-	-	-	-	-	9,597	(24,997)	(9,597)	-
Lease termination	-	-	-	-	-	-	-	-	-	-	-
Transfer to non-current asset held for sale	-	-	(22,497)	-	-	-	-	(1,284)	-	-	(23,781)
Balance at 30 June 2023	-	-	1,023,846	1,031,110	3,693,445	2,413,292	654,813	88,783	114,765	39,295	9,059,349
Carrying amount - 30 June 2022	21,237,779	16,750,430	2,005,182	1,454,125	2,006,257	1,758,207	181,546	91,804	264,725	53,716	45,803,771
Carrying amount - 30 June 2023	17,577,779	16,750,430	2,145,215	1,769,401	2,001,246	1,680,982	158,011	96,124	253,466	36,902	42,489,556
Rates of depreciation per month/useful life (2023 and 2022)	-	-	5%	5%	15%	15%	30%	15%	02 - 44 years	15%	

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

16.1.2 The operating fixed assets are secured against various loans availed by the Company. Refer note 8 and 12.

### 16.1.3 Revaluation surplus on property, plant and equipment

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

Had the aforementioned revaluation not carried out, the book value of freehold and leasehold land would have been Rs. 244.34 million [2022: Rs. 1,633.43 million].

16.1.4 The forced sale value of the revalued land has been assessed at Rs. 30,388 million [2022: Rs. 30,388 million].

16.1.5 Particulars of business units and immovable fixed assets [i.e. land and building] of the Company are as follows:

Location	Address	Particular	Land area [Sq. yards]
Karachi	Plot No. 11, CL 11, Club Road - hotel property	Land and building	23,255
Karachi	Civil Line Quarters, Abdullah Haroon Road [refer note 16.1.7]	Land and building	13,101
Lahore	Upper Mall - hotel property	Land and building	74,440
Lahore	Defence Housing Authority [refer note 16.1.8]	Building	
Rawalpindi	Property No.253, Survey No. 559, The Mall Road - hotel property	Land and building	26,668
Multan	Askari By-Pass Road, Mouza Abdul Fateh - hotel property under construction	Land and under Construction building	8,303
Hunza	Mominabad	Land	24,107
Gilgit	Airport Road	Land	16,375
Chitral	Zargarandeh	Land	11,464
Bhurban	Compartment No. 08, at Bhurban Tehsil, Murree - hotel property	Building	-
Muzaffarabad	Upper Chattar, Muzaffarabad. - hotel property	Building	-
Mirpur	Village Bhurban Tehsil & District, Mirpur [AJK] - hotel property under construction	Under construction building	-

16.1.6	Depreciation charge has been allocated as follows:	Note	2023	2022
			[Rupees'000]	
	Cost of sales and services	33	720,460	788,438
	Administrative expenses	35	165,525	162,868
			<b>885,985</b>	<b>951,306</b>

16.1.7 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 original cost of this property was Rs. 1,539.34 million. The property has been classified as non-current assets held for sale [refer note # 28.1] and carrying amount of this property at the time of reclassification was Rs. 3,766 million.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

16.1.8 The Company constructed building for spa and saloon facility under an agreement of absolute transfer and assignment agreement with Nirvana, a partnership firm - a related party. As per the term of the said agreement Nirvana will use two floors of this building. Since completion certificate from Defence Housing Authority Lahore [DHAL] has not been obtained yet, therefore the transfer of title of the property is pending. The carrying value of this building is Rs. 112.29 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)							
Plant & Machinery	7,906	639	3,500	2,861	Negotiation	Imran & Company	
Vehicle	11,503	1,121	1,121	-	Negotiation	Hashwani Hotels Limited	Related Party
Vehicle	1,900	788	788	-	Negotiation	Mr. Humayun Mehboob	
Vehicle	1,516	872	872	-	Company Policy	Adil Mukhtar	Employee
Vehicle	22,494	7,343	22,700	15,357	Auction	M/S Car Ambassador	
Vehicle	1,566	878	878	-	Company Policy	Shafqat Hussain	Employee
Vehicle	699	690	699	9	Company Policy	Raza Zaidi	Employee
Vehicle	647	623	1,662	1,039	Company Policy	Umar Ahmed	Employee
Vehicle	721	694	2,043	1,349	Company Policy	Saadat Mehboob	Employee
Vehicle	7,086	3,826	3,826	-	Negotiation	Hashwani Hotels Limited	Related Party
Vehicle	1,003	723	899	176	Company Policy	Sarfraz Ahmad	Employee
Vehicle	3,982	2,500	2,500	-	Company Policy	Nadeem Riaz Choudhry	Employee
Vehicle	739	526	2,420	1,894	Auction	Shahab Qazi	
Vehicle	1,087	755	960	206	Company Policy	Muddassar Shahzad	Employee
Vehicle	1,680	1,152	1,458	306	Company Policy	Shahbaz Sultan	Employee
Vehicle	1,403	962	1,134	172	Company Policy	Amad Rafique	Employee
Vehicle	789	534	869	335	Company Policy	Amir Ayub	Employee
Vehicle	3,722	2,279	2,279	-	Negotiation	Hashwani Hotels Limited	Related Party
Vehicle	796	519	2,032	1,513	Company Policy	Muhammad Jawad	Employee
Vehicle	969	616	1,076	460	Company Policy	Muhammad Arif	Employee
Vehicle	1,053	670	1,460	790	Company Policy	Muhammad Amir	Employee
Aggregate of other items with individual book values not exceeding Rs. 500,000	9,915	4,380	15,006	10,626			
2023	<b>83,175</b>	<b>33,088</b>	<b>70,179</b>	<b>37,090</b>			
2022	284,028	222,254	216,501	(5,753)			

16.2	Capital work in progress	Note	2023	2022
			(Rupees'000)	
	Balance at 01 July		3,730,842	3,679,837
	Additions during the year		1,345,749	969,306
	Transfers to operating fixed assets		(1,162,574)	(918,301)
	Transfers to assets held for sale		(42,647)	-
	Balance at 30 June		<b>3,871,370</b>	<b>3,730,842</b>
16.2.1	Construction of Pearl Continental Hotel Mirpur	16.2.2	<b>3,654,757</b>	3,661,460
	Other civil works		<b>216,613</b>	69,382
			<b>3,871,370</b>	<b>3,730,842</b>

16.2.2 This also includes capitalized borrowing cost amounting to Rs. 507.46 million (2022: Rs. 507.46 million). During the year no borrowing is capitalized on account of suspension of work.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

17	ADVANCES FOR CAPITAL EXPENDITURES	Note	2023 [Rupees'000]	2022
	Advance for purchase of land	17.1	668,820	666,820
	Advance for purchase of Malir Delta Land	17.2	381,656	381,656
	Impairment loss		[40,000]	[40,000]
			1,010,476	1,008,476
	Advance for purchase of apartment		40,509	40,509
	Impairment loss		[40,509]	[40,509]
			-	-
	Advance for purchase of fixed assets		45,803	34,183
	Advances for Pearl Continental Mirpur Project		133,215	79,026
			179,018	113,209
			1,189,494	1,121,685

**17.1** This includes amount of Rs. 626.82 million [2022: Rs. 626.82 million] paid to a related party, Associated Builders (Private) Limited, for purchase of tourist site piece[s] of land measuring 7.29 acres in Gwadar, in previous years, the Securities and Exchange Commission of Pakistan [SECP] has imposed penalty on the Company's directors under the provisions of section 199 of the Companies Act, 2017 by treating this advance as 'investment in associated company' and also directed the Company to place the matter before the shareholders of the Company in the general meeting and seek their approval in terms of section 199 of the Companies Act, 2017. The directors of the Company has filed an appeal in the Honorable Islamabad High Court against the order of SECP. Simultaneously, without prejudice to the right of the Appellants, the management and Board have complied with the directions of SECP in this regard.

**17.1.1** During the year the Company paid advance of Rs. 2 million [2022: Nil] for purchase of land.

**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 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.

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.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

18	INTANGIBLE ASSET	Note	2023 (Rupees'000)	2022
	Software		91,454	123,896
	<b>Cost</b>			
	Opening balance		200,180	107,978
	Additions		-	92,202
	Closing balance		200,180	200,180
	<b>Accumulated amortisation</b>			
	Opening balance		76,284	32,393
	Amortisation charge		32,442	43,891
	Closing balance		108,726	76,284
	<b>Net book value</b>			
	Cost		200,180	200,180
	Accumulated amortisation		(108,726)	(76,284)
	Closing balance		91,454	123,896
	Amortization rate per annum		30%	30%

19	INVESTMENT PROPERTY	Note	2023 (Rupees'000)	2022
19.1	Reconciliation of carrying amount			
	Balance at 01 July		80,000	70,000
	Increase in fair value	19.2	-	10,000
	Balance at 30 June		80,000	80,000

19.1.1 This represents piece of land, located at Gwadar, owned by the Company held for capital appreciation. On 30 June 2023, 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 after making relevant inquiries. The valuer holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

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

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

19.2 Increases in fair value are recognised as gains in unconsolidated 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 UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

	Country of incorporation / Jurisdiction	Amount in Foreign Currency	Percentage of holding		2023	2022	
				Note	[Rupees'000]		
<b>20</b>	<b>LONG TERM INVESTMENTS</b>						
	<u>Investments in related parties</u>						
	<b>Subsidiary companies - at cost - unquoted</b>						
	Pearl Continental Hotels (Private) Limited	Pakistan	100%	20.1	5,000	5,000	
	Pearl Tours and Travels (Private) Limited	Pakistan	100%	20.2	102,227	102,227	
	City Properties (Private) Limited	Pakistan	100%	20.3	925,001	925,001	
	Elite Properties (Private) Limited	Pakistan	100%	20.4	5,566	5,566	
					1,037,794	1,037,794	
	<b>Associated undertaking - at fair value through profit or loss - unquoted</b>						
	Hashoo Group Limited	British Virgin Island	\$9,800,000	14%	20.5	586,403	586,403
	Impairment loss				(586,403)	(586,403)	
	Hotel One (Private) Limited	Pakistan		17.85%	20.6	50,000	50,000
	Impairment loss				(50,000)	(50,000)	
					-	-	
	<b>Investment in jointly controlled entity - at cost - unquoted</b>						
	Pearl Continental Hotels Limited	United Arab Emirates	\$4,750,000	50%	20.7	284,052	284,052
	Impairment loss				(284,052)	(284,052)	
					-	-	
	<b>Other investments</b>						
	<b>Fair value through other comprehensive income</b>						
	Malam Jabba Resorts Limited				1,000	1,000	
	Impairment loss				(1,000)	(1,000)	
					-	-	
					1,037,794	1,037,794	

**20.1 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 [2022: 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 2023 was Rs. 29.74 [2022: Rs. 26.10].

**20.2 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 [2022: 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 2023 was Rs. 11.21 [2022: Rs. 14.34].

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 20.3 City Properties (Private) Limited

This represents the Company's investment in 100% equity shares of City Properties (Private) Limited (CPPL) against 92,500,100 [2022: 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 2023 was Rs. 9.51 [2022: Rs. 9.82]. Also refer note 21.

### 20.4 Elite Properties (Private) Limited

This represents the Company's investment in 100% equity shares of Elite Properties (Private) Limited (EPPL). against 556,600 [2022: 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 2023 was Rs. 14.21 [2022: Rs. 9.90]. Also refer note 21.

### 20.5 Hashoo Group Limited

The Company holds 98,000 [2022: 98,000] ordinary shares of US\$ 100 each in Hashoo Group Limited (HGL). HGL is treated as an 'associate' due to the Company's significant influence over it due to common directorship. Due to prevailing political turmoil, unrest, law and order situation in Libya, this investment has been fully impaired.

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

Beneficial owner of Hashoo Group Limited are:

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

### 20.6 Hotel One (Private) Limited

The Company holds 500,000 [2022: 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.

### 20.7 Pearl Continental Hotels Limited

"The Company holds 95 [2022: 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	Karachi Marriott Hotel, 9 Abdullah Haroon Road, Civil Lines

## 21 ADVANCES AGAINST EQUITY INVESTMENT

These represent advances against equity investments of Rs. Nil [2022: Rs. 1,143.07 million] and Rs. 731 million [2022: Rs. 731 million] extended by the Company to its wholly owned subsidiary companies City Properties (Private) Limited and Elite Properties (Private) Limited respectively. During the year the company decided disinvestment of Rs. 1,293 million from City properties (Private) Limited, proceeds from disinvestment is expected within one year and as more explained in note 8.7, all these proceeds will be utilized to repay the deferred payments due in December 2023.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

22	LONG TERM DEPOSITS	Note	2023	2022
			[Rupees'000]	
	Long term deposits	22.1	19,281	21,773
			19,281	21,773

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

22.1.2 This includes amount of Rs. 0.803 million [2022: Rs. 0.803 million] of related parties.

### 23 DEFERRED TAX LIABILITIES / (ASSETS) - NET

	Net balance at 01 July 2022	Impact of change in accounting policy	Recognized in		Net balance at 30 June 2023
			Profit or loss (Note 38)	Other comprehensive income	
2023					
[Rupees'000]					
<b>Taxable temporary differences</b>					
Accelerated depreciation for tax purposes	677,182	-	253,194	-	930,376
<b>Deductible temporary differences</b>					
Long term investments	[35,647]	-	35,647	-	-
Net defined benefit liability - gratuity	[216,816]	-	[110,095]	2,057	[324,854]
Net defined benefit liability - vacation pay	[36,401]	-	[19,688]	-	[56,089]
Provision for obsolescence - stores	[1,096]	-	[354]	-	[1,450]
Impairment loss on trade debts	[135,235]	-	6,636	-	[128,599]
Short term investments	[1,740]	-	1,467	-	[273]
Leased liabilities	[91,070]	-	[28,488]	-	[119,558]
Unadjusted depreciation losses	[446,879]	-	[44,575]	-	[491,454]
	[964,884]	-	[159,450]	2,057	[1,122,277]
	[287,702]	-	93,744	2,057	[191,901]
2022					
[Rupees'000]					
<b>Taxable temporary differences</b>					
Accelerated depreciation for tax purposes	748,604	-	[71,422]	-	677,182
<b>Deductible temporary differences</b>					
Long term investments	[35,647]	-	-	-	[35,647]
Net defined benefit liability - gratuity	[168,818]	-	[14,868]	[33,130]	[216,816]
Net defined benefit liability - vacation pay	[29,757]	-	[6,644]	-	[36,401]
Provision for obsolescence - stores	[1,096]	-	-	-	[1,096]
Impairment loss on trade debts	[80,797]	[6,035]	[48,403]	-	[135,235]
Short term investments	[1,740]	-	-	-	[1,740]
Leased liabilities	[63,372]	-	[27,698]	-	[91,070]
Unadjusted depreciation losses	[446,879]	-	-	-	[446,879]
	[828,106]	[6,035]	[97,613]	[33,130]	[964,884]
	[79,502]	[6,035]	[169,035]	[33,130]	[287,702]

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

24	INVENTORIES	Note	2023	2022
			[Rupees'000]	
	Stores		253,352	182,531
	Spare parts and loose tools		74,303	65,438
	Stock in trade - food and beverages	33	186,720	150,527
			514,375	398,496
	Provision for obsolescence		[3,717]	[3,781]
			510,658	394,715
25	TRADE DEBTS -UNSECURED			
	Considered good			
	Due from related parties	25.1	26,837	13,870
	Others		912,815	767,171
			939,652	781,041
	Considered doubtful		329,740	466,327
			1,269,392	1,247,368
	Provision against doubtful debts at 01 July		[466,327]	[299,420]
	Reversal / [allowance] for impairment loss on trade debts		136,587	[166,907]
	Balance at 30 June	25.2	[329,740]	[466,327]
			939,652	781,041

Maximum amount outstanding at the end of any month during the year

25.1	Due from related parties	2023		2022	
		[Rupees '000]		[Rupees '000]	
	Pearl Tours and Travels (Private) Limited	13,874	8,490	8,310	6,689
	Hashwani Hotels Limited	1,555	5,217	243	479
	Hashoo Foundation	558	386	269	235
	Hashoo Hunar	82	1,011	56	1,011
	Hotel One (Private) Limited	2,346	2,421	7,332	2,609
	Jubilee General Insurance Company Limited	4,536	87	80	45
	Orient Petroleum Inc.	147	544	147	220
	Pearl Real Estate Holdings (Private) Limited	120	211	110	120
	Foreepay (Private) Limited	17,191	768	9,784	768
	Tejari Pakistan (Private) Limited	2,849	1,645	503	1,645
	Zaver Petroleum Corporation (Private) Limited	10	16	-	49
	Hashoo School of Hospitality Management (Pvt.) Limited	3	29	3	-
				26,837	13,870
25.1.1	Age analysis of due from related parties is as follows:				
	Past due by 30 days			8,324	1,661
	Past due by 31 to 90 days			7,349	4,996
	Past due over 91 days			6,339	4,442
	Past due over 1 year			4,825	2,771
				26,837	13,870

25.2 This includes provision of Rs. 5.07 million [2022: Rs. 5.44 million] against doubtful debts.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

26	ADVANCES, PREPAYMENTS, TRADE DEPOSITS AND OTHER RECEIVABLES	Note	2023 [Rupees'000]	2022
	Advance to employees	26.1	7,109	4,250
	Advance to suppliers and contractors		76,988	50,892
	Advance to related parties	26.2	1,650	1,342
	Trade deposits		21,431	16,095
	Prepayments	26.3	72,090	35,942
	Refundable sales tax		348,068	202,751
	Other receivables	26.4	130,815	120,863
	Refundable against disinvestment	26.5	1,293,071	-
			1,951,222	432,135
26.1	These advances are given as per the Company policy and are un-secured, interest free and are repayable over varying periods.			
26.2	Advance to related parties	Note	2023 [Rupees'000]	2022
	OPI Gas [Private] Limited		1,650	472
	Organic Plus [Pvt] Ltd.		-	870
		26.2.1	1,650	1,342
26.2.1	The advances to related parties are of trade nature and extended for provision of goods and services. These are unsecured and don't carry interest.			
26.3	This includes amount of Rs. 19.69 million [2022: Rs. 7.020 million] of related parties.			
26.4	This includes amount of Rs. Nil [2022: 0.794 million] of director, and Rs.2.26 million of related party Hashoo School of Hospitality Management [Private] Limited, and it is the maximum amount due at the end of any month during the year.			
26.5	The Company contracted during the year with lenders to partially repay loan out of proceeds of land of the subsidiary company. The Company will receive cash inflows from the subsidiary company's through divestment of its investment up to the amount which was previously paid for the issuance of share capital of equivalent amount. Since the recovery of this amount is expected to be within one year of balance sheet date and accordingly it has now been carried at current.			
27	SHORT TERM INVESTMENTS	Note	2023 [Rupees'000]	2022
	<b>Amortized cost</b>			
	Certificate of investments		-	5,300
	Allowance for impairment loss		-	[5,300]
			-	-
	<b>Fair value through other comprehensive income</b>			
	National Technology Development Corporation Limited		200	200
	Indus Valley Solvent Oil Extraction Limited		500	500
	Allowance for impairment loss		[700]	[700]
			-	-
	<b>Amortized cost</b>			
	Term Deposit Receipt	27.1	637,579	1,193,579
	Term Finance Certificate [TFC]	27.2	75,000	75,000
	Interest accrued		2,652	9,407
			715,231	1,277,986
	<b>Financial assets at fair value through profit or loss</b>			
	Investments in shares of listed companies	27.3	420,879	475,254
			1,136,110	1,753,240
27.1	This represent term deposit receipts having maturity of one months to one year carrying interest rate ranging from 6.5% to 14.10% [2022: 5.50% to 14%] per annum.			
27.2	This represents investment in 750 number of TFCs having face value of Rs. 100,000/- each and carrying profit @ 3-month KIBOR plus 1.60%, these TFCs are pledged as security against running finance facility of the Company [Refer to note 12].			

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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

	2023	2022	2023	2022
	No. of ordinary shares of Rs. 10 each		[Rupees'000]	
Pakistan Telecommunication Company Limited	350,000	350,000	2,104	2,436
Lotte Chemical Pakistan Limited	150,000	150,000	4,128	3,544
Fauji Fertilizer Bin Qasim Limited	50,000	50,000	589	1,012
Jubilee General Insurance Company Limited -associated company [Note 27.3.1]	15,056,661	15,056,661	414,058	468,262
			<u>420,879</u>	<u>475,254</u>

27.3.1 Out of total shares held by the Company, 15,000,000 [2022: 15,000,000] ordinary shares are placed / lien marked as security against running finance facility of the Company [Refer to note 12].

28	NON-CURRENT ASSETS HELD FOR SALE	Note	2023	2022
			[Rupees'000]	
	Property	28.4	-	3,114,554
	Property	28.1	3,766,242	-
	Under construction Hotel Pearl Continental Multan	28.2	5,573,462	4,544,545
		28.3	<u>9,339,704</u>	<u>7,659,099</u>

28.1 As per the debt restructuring term and explained in note # 8.7, proceeds from the disposal of the property situated at Civil Line Quarters, Abdullah Haroon Road, Karachi will be utilized for the deferred payments due on or before 31 December 2023, since the disposal is expected within twelve months from the reporting date hence this property has been classified as non-current asset held for sale, an advance amount of Rs. 500 million is already secured against the disposal. The property comprise of following asset categories.

	2023	2022
	[Rupees'000]	
Land	3,660,000	-
Building	106,242	-
	<u>3,766,242</u>	<u>-</u>

28.2 This property was previously held as non current asset held for sale owing to a lender's unconditional right to initiate debt property swap in respect of this property, however during the year, the Company has signed a re-structuring term sheet with the corresponding lender, refer note 8.3 for further details, after which it is no longer highly probable that property will be disposed through the previous arrangement with in one year. However, the management of the Company has, during the year decided to dispose off the under-construction hotel, located at Askari By-Pass Road, Mouza Abdul Fateh, tehsil & district Multan, in line with board approval dated 04 March 2021. Relevant activities in relation to sale of property are in progress and management believes that it is highly probable that sale transaction will be completed within the next financial year, accordingly, this property continue to classify as held for sale.

28.2.1 This also includes capitalized borrowing cost amounting to Rs. 1,684 million [2022: Rs. 984.69 million]. During the year, borrowing cost amounting to Rs. 699.45 million is capitalized at the rate of 15.98%.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

						2023	2022	
						[Rupees'000]		
28.3	Movement in non-current assets held for sale during year is as follows:				Note			
	Opening balance					7,659,099	6,442,198	
	Transfer from operating fixed assets				28.1	3,766,242	3,114,554	
	Transfer from operating fixed assets					2,105		
	Transfer to operating fixed assets					-	[2,748,739]	
	Additions in					4,205	-	
	Additions in / transfer from capital work in progress				28.2	1,028,917	851,086	
						4,801,469	1,216,901	
	Disposals				28.4	[3,120,864]	-	
						9,339,704	7,659,099	
28.4	Disposed asset							
	Opening					3,114,554	-	
	Addition during the year					6,310	-	
	Disposal					[3,120,864]	-	
						-	-	
28.4.1	Detail of disposal:							
	Description	Cost / revalue amount	Carrying value	Net - proceeds	Gain	Mode of disposal	Purchaser	Relationship with purchaser
		[Rupees'000]						
	Land	2,570,000	2,570,000	2,650,995	80,995	Negotiaion	Tourism Promotion Services (Pakistan) Limited	-
	Building	398,780	284,083	293,036	8,953	Negotiaion	Tourism Promotion Services (Pakistan) Limited	-
	Plant & Machinery	251,884	121,763	125,600	3,837	Negotiaion	Tourism Promotion Services (Pakistan) Limited	-
	Furniture, Fixture & Equipment, and others	330,270	145,018	149,588	4,570	Negotiaion	Tourism Promotion Services (Pakistan) Limited	-
	<b>Total - 2023</b>	<b>3,550,934</b>	<b>3,120,864</b>	<b>3,219,220</b>	<b>98,356</b>			
	<b>Total - 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			
29	<b>ADVANCE INCOME TAX - NET</b>							
	Balance at 01 July					541,212	495,508	
	Income tax paid during the year					438,112	232,582	
	Charge for the year				38	[192,306]	[186,878]	
	Balance at 30 June					787,018	541,212	
30	<b>CASH AND BANK BALANCES</b>							
	Cash in hand					40,005	49,120	
	Cash at bank							
	Current accounts - Local currency					123,559	132,235	
	- Foreign currency					286	580	
	Deposit accounts - Local currency				30.1	175,879	202,924	
	- Foreign currency				30.2	14,218	3,417	
						313,942	339,156	
	Accrued profit					862	1,311	
						354,809	389,587	

30.1 Deposit accounts carry interest rate ranging from 10.75% to 19.50% (2022: 5.25% to 13.50%) per annum.

30.2 Deposit accounts carry interest @ 0.25% [2022: 0.25%] per annum.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

31	REVENUE- NET	Note	2023 [Rupees'000]	2022
	Gross revenue	31.1	15,718,075	14,228,668
	Discounts		[338,102]	[294,405]
	Sales tax		[2,117,936]	[1,945,775]
			<u>13,262,037</u>	<u>11,988,488</u>

### 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	2023 [Rupees'000]	2022
Rooms		6,358,412	5,326,637
Food and beverages		8,246,216	7,793,482
Other related services	31.2	1,003,194	897,492
Fee revenue from franchise & management properties		75,410	155,081
Shop license fees		34,843	55,976
		<u>15,718,075</u>	<u>14,228,668</u>
<b>Timing of revenue recognition</b>			
Products / services transferred at a point in time		<u>7,132,495</u>	<u>6,668,605</u>
Services transferred over time		<u>6,129,542</u>	<u>5,319,883</u>

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

31.3 Revenue amounting to Rs. 451.142 million [2022: Rs. 319.436 million] has been recognized from contract liabilities at the beginning of the period.

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

32	CONTRACT BALANCES	Note	2023 [Rupees'000]	2022
	Contract assets	32.1	20,620	27,654
	Contract liabilities	32.2	795,235	710,863

32.1 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.

32.2 Contract liabilities represent the Company's obligation to transfer goods or services for which the customer has already paid a consideration. These contract liabilities mainly relates to the advances received against banquets functions, room sales and membership fee. The Company applies the practical expedient in paragraph 121 of IFRS - 15 and does not disclose information about the remaining performance obligations that have original expected duration of one year or less.

32.2.1 This includes an amount of Rs. 12,190 thousand [2022: Rs.9,135 thousand] received from related party on account of future reservations made on behalf of customers.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

33	COST OF SALES AND SERVICES	Note	2023 [Rupees'000]	2022
	<b>Food and beverages</b>			
	Opening balance		150,527	92,327
	Purchases during the year		2,565,741	2,364,532
	Closing balance	24	[186,720]	[150,527]
	Consumption during the year		2,529,548	2,306,332
	<b>Direct expenses</b>			
	Salaries, wages and benefits	33.1	2,162,197	1,625,209
	Heat, light and power		1,472,386	1,150,766
	Repair and maintenance		469,029	388,603
	Depreciation	16.1.6	720,460	788,438
	Amortization		29,198	39,502
	Guest supplies		290,746	243,291
	Linen, china and glassware		147,787	113,441
	Communication		11,749	8,816
	Laundry and dry cleaning		76,115	67,845
	Banquet and decoration		75,114	76,688
	Transportation		42,060	44,712
	Uniforms		23,438	12,176
	Music and entertainment		18,219	14,706
	Franchise fee		-	-
	Others	33.2	167,302	145,708
			<b>8,235,348</b>	<b>7,026,233</b>
33.1	Salaries, wages and benefits include staff retirement benefits amounting to Rs. 142.12 million [2022: Rs. 114.97 million].			
33.2	This also includes an amount of Rs. 163.80 million [2022: Rs. 127.22 million] relating to incremental costs of obtaining customer contracts.			
34	OTHER INCOME	Note	2023 [Rupees'000]	2022
	Concessions and commissions		3,295	10,647
	Gain / (Loss) on disposal of property, plant and equipment		37,090	[5,753]
	Gain on disposal of non-current assets held for sale		98,356	-
	Impact of long term room allocation advances		77,085	-
	Gain on deferment of accrued markup		82,138	
	Increase in fair value of investments property		-	10,000
	Communication towers and other rental income		82,910	66,086
	Insurance claim		2,319	16,450
	Others - net		84,227	50,221
			<b>467,420</b>	<b>147,651</b>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

35	ADMINISTRATIVE EXPENSES	Note	2023 [Rupees'000]	2022
	Salaries, wages and benefits	35.1	1,782,862	1,336,853
	Rent, rates and taxes	9.4	348,910	136,729
	Security and protective services		349,791	303,592
	Advertisement and sales promotion		195,785	153,979
	Repair and maintenance		55,373	51,113
	Heat, light and power		180,363	138,543
	Travelling and conveyance		217,508	122,280
	Depreciation	16.1.6	165,525	162,868
	Amortization		3,244	4,389
	Communications		25,040	17,611
	Printing and stationery		54,650	37,065
	Legal and professional charges		139,854	191,587
	Insurance		104,464	91,916
	Entertainment		25,307	12,585
	Subscriptions		143,907	99,808
	Laundry and dry cleaning		5,189	4,415
	Uniforms		4,762	2,598
	Auditors' remuneration	35.2	6,610	6,058
	Vehicle rentals and registration charges	35.3	10,107	11,536
	Miscellaneous		30,587	13,221
			<b>3,849,838</b>	<b>2,898,746</b>

35.2 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 123.89 million [2022 Rs. 94.06 million].

35.3	Auditors' remuneration	2023 [Rupees'000]	2022
	<b>Audit Services</b>		
	Annual audit fee	2,904	2,420
	Audit of consolidated financial statements	832	693
	Half yearly review	900	900
	Out of pocket expenses	876	835
		<b>5,512</b>	<b>4,848</b>
	<b>Non-audit services</b>		
	Special reports and certificates	485	910
	Tax advisory	613	300
		<b>1,098</b>	<b>1,210</b>
		<b>6,610</b>	<b>6,058</b>

35.3 This represents Ijarah payments made during the year 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

## FOR THE YEAR ENDED 30 JUNE 2023

The maturity analysis of remaining Ijarah facility is as follows:

		2023	2022
		[Rupees'000]	
	Within one year	752	6,727
	After one year but not more than five years	-	932
		752	7,659
<b>36</b>	<b>FINANCE INCOME</b>		
	Interest income on:		
	Term Deposit Receipt	134,696	44,701
	Term Finance Certificate	14,232	8,257
	Bank deposits	48,581	23,441
	Dividend income	61,427	60,452
	Exchange gain	7,031	-
		265,967	136,851
<b>37</b>	<b>FINANCE COST</b>		
	Interest expense on:		
	Loans and borrowing	675,046	454,724
	Short term borrowings	359,018	224,806
	Sukuk finance	686,903	484,484
	Lease facilities	40,369	23,031
	Amortization of transaction cost	9,369	9,176
	Amortization of deferred payment	42,644	82,650
	Amortization of long term room allocation advances	11,437	-
	Credit cards, bank and other charges	99,891	99,546
	Exchange loss	-	10,025
		1,924,677	1,388,442
<b>38</b>	<b>INCOME TAX EXPENSE</b>		
	Current tax expense		
	- Current year	208,475	199,285
	- Change in estimates related to prior year	[16,169]	[12,407]
		192,306	186,878
	Deferred tax charge / [reversal]	93,744	[169,035]
		286,050	17,843
<b>38.1</b>	<b>Reconciliation of accounting profit with tax expense is as follows:</b>		
	Accounting Profit / [loss] for the year	67,774	627,002
	Tax charge @ 29% [2022: 29%]	19,654	181,831
	Effect of super tax	7,575	40,361
	Foreign Source Income	33,905	-
	Tax effect of minimum tax	193,923	[224,495]
	Unrealized [loss] / gain	[15,768]	45,141
	Unused Tax Losses	44,577	-
	Tax effect of income subject to lower taxation	[13,764]	[12,588]
	Prior year's tax charge	[16,169]	[12,407]
	Others	32,117	-
		286,050	17,843
<b>38.2</b>	Due to uncertainty about timing of taxable profits in the foreseeable future against which the unabsorbed depreciation losses can be utilized, the Company has not recognized deferred tax asset amounting to Rs. 460 million [2022:Rs. 353 million].		

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 38.3 Tax related contingencies

#### Income tax

- i The income tax assessments of the Company have been finalised and returns have been filed up to and including the tax year 2022. 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 [2022: 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 favourable 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 case was remanded back for reassessment by the CIRA upon which the deputy Commissioner of Inland Revenue initiated appeal effect proceedings and passed the appeal effect order dated 26 May 2023 creating demand of Rs. 35.19 million, however based on the appellate history and merits, the Company is confident of favourable outcome of the case and hence a provision on this matter has not been recognized.
- iii In June 2023, the taxation officer passed an order under Section 4C of the Ordinance for the tax year 2020 creating tax demand of Rs. 32,388,05. The Company file the appeal before CIRA against the amendment in assessment order dated 26 June 2023.
- iv. In May 2023, the taxation officer amended the assessment for the tax year 2017 by various disallowances and creating tax demand of Rs. 6,979,082, The Company file the appeal before CIRA against the amendment in assessment order dated 27 June 2023. The Company anticipates favourable outcome of the case based on the legal and factual position on the matter.

#### 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 Honourable 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, Punjab Revenue Authority, Lahore [PRA] issued notices having references No.PRA/PC/Hotel/14/32972 on 05 November 2014 and No.PRA/PC/Hotel/14/32985 on 12 November 2014 for the tax period August 2014 and tax periods from July 2012 to September 2014 respectively. Through notice dated 05 November 2014 it has been alleged that the 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.
- iv. The Enforcement officer passed an order dated 30 April 2021 alleging that the Company claimed inadmissible input tax of Rs. 2,079,081/- during the tax periods October 2013 to June 2015 and raised a demand of Rs. 2,079,081/- along with penalty of Rs. 103,954/-. The Company aggrieved by the order filed an appeal before the Commissioner Appeals, PRA which is pending disposal till date.
- v. The Assistant Commissioner Sindh Revenue Board [AC-SRB], passed an order on 15 March 2022 alleging that the Company claimed inadmissible input tax of Rs. 112,789,782 during the tax periods July 2013 to June 2020 and raised a demand of Rs. 112,789,782 along with penalty of Rs. 5,639,489/-. The Company aggrieved by the order filed an appeal before the Commissioner Appeals, SRB which is pending disposal till date.
- vi. 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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

Commissioner Appeals, Karachi. The Commissioner Appeals remanded back the case to department against which department filed 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.9,530,045. 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.

### 38.3.1 Employee Related contingencies

- i. Third party contractors staff has filed a case in Labour Court Peshawar which was later on transferred to Labour Court Mardan and the said court decided in favour of the employees on 13.07.09. Company got a stay order against the decision of the Labour Court Mardan from High Court Peshawar. Subsequently the said case were transferred to the NIRC and full bench of NIRC has dismissed the petition with the order that the Defendant are entitled to claim the benefits of permanent employees with effect from 1993. Against the said order Company have filed Write petition before the Peshawar High Court. The Honourable High Court suspended the order of the Full Bench of NIRC Islamabad.
- ii. An employee was dismissed in account of embezzlement and concealing facts. He has approached to NIRC for reinstatement of services. Company have filed application challenging the jurisdiction which was dismissed and adjourned the case for filing of reply.

### 39 [LOSS]/ EARNINGS PER SHARE

	2023	2022
[Loss] / profit for the year [Rupees '000]	[218,276]	609,159
Weighted average number of ordinary shares [Numbers]	32,524,170	32,524,170
[Loss] / earnings per share - basic [Rupees]	[6.71]	18.73

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	2023 [Rupees'000]	2022
Profit before taxation		67,774	627,002
<b>Adjustments for:</b>			
Depreciation	16.1.6	885,985	951,306
Amortization		32,442	43,891
[Gain] / loss on disposal of property, plant and equipment	33	[37,090]	5,753
Gain on disposal of held for sale asset		[98,356]	-
Provision for staff retirement benefit - gratuity	10.1.3	153,977	112,390
Provision for compensated leave absences	10.2.3	49,550	43,002
Reversal / [allowance] for impairment loss on trade debts		[136,587]	166,907
Unrealised gain on remeasurement of investment property	34	-	[10,000]
Return on bank deposits / certificate of investment	36	[197,509]	[76,399]
Finance cost	37	1,924,677	1,388,442
Dividend income	36	[61,427]	[60,452]
Unrealised loss on remeasurement of investments to fair value		54,374	165,660
Unrealized gain of rooms allocation on long term basis		[77,085]	-
Provision on stores, spare parts and loose tools		[64]	-
		<b>2,560,661</b>	<b>3,357,502</b>

### 41 CASH AND CASH EQUIVALENTS

Cash and bank balances	30	354,809	389,587
Short term borrowings	12	[1,613,027]	[2,241,140]
Accrued markup on short term borrowings		81,404	64,895
Accrued profit on bank deposits		[862]	[1,311]
		<b>[1,177,676]</b>	<b>[1,787,969]</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 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 2022	13,336,316	314,037	9,242	1,528	13,661,123
<b>Changes from financing activities</b>					
Proceeds from loans	351,050	-	-	-	351,050
Allocation of rooms on long term basis	215,509	-	-	-	215,509
Repayment of loan	(1,704,652)	-	-	-	(1,704,652)
Repayment of lease liability	-	(90,079)	-	-	(90,079)
Transaction cost paid	(15,000)	-	-	-	(15,000)
	(1,153,093)	(90,079)	-	-	(1,243,171)
<b>Other changes</b>					
Amortization of transaction cost	9,369	-	-	-	9,369
Markup accrued	156,289	-	-	-	156,289
Lease liabilities	-	82,600	-	-	82,600
	165,658	82,600	-	-	248,258
<b>Balance at 30 June 2023</b>	<b>12,348,882</b>	<b>306,558</b>	<b>9,242</b>	<b>1,528</b>	<b>12,666,209</b>

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

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



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 42 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2023			2022		
	Chief Executive Officer	Directors	Executives	Chief Executives Officer	Directors	Executives
	Rupees '000					
Managerial remuneration	144,000	225,408	474,721	108,000	140,609	302,611
Provident fund contribution	7,996	1,199	12,108	5,997	1,199	10,242
Provision for gratuity	11,836	23,170	929	45,370	12,591	
Provision for compensated leave absences	12,000	25,775	-	4,352	18,746	
Provision for bonus	24,000	-	346	24,000	-	447
Provision for leave fare assistance	3,993	-	57	4,521	-	-
* Other services	-	20,748	-	-	-	-
** Meeting fee	250	2,600	700	200	1,475	400
	<b>204,075</b>	<b>273,125</b>	<b>514,637</b>	<b>188,088</b>	<b>160,226</b>	<b>332,446</b>
Number of persons	1	3	107	1	2	82

\* This represents services offered by a non executive director in advisory capacity.

\*\* This represents meeting fee of Rs. 1.900 million [2022: Rs.1.045 million] of certain non executive directors of the Company.

42.1 In addition to the above, vehicle allowance of Rs. 68.28 million has been paid to certain Directors and executives. The Chief Executive Officer, and certain executives are provided with the Company maintained vehicles having carrying value of Rs. 23.56 million [2022: Rs. 31.29 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 43 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Basis of Relationship	Name of Related Party	Percentage of Share holding
Wholly owned Subsidiary	City Properties (Private) Limited	100%
	Elite Properties (Private) Limited	100%
	Pearl Tours & Travels (Private) Limited	100%
	Pearl Continental Hotels (Private) Limited	100%
Common directorship	Hashwani Hotels Limited	-
	Hotel One (Private) Limited	17.85%
	Hashoo Holdings (Private Limited)	-
	Jubilee General Insurance Company Limited	7.6%
	Orient Petroleum Inc.	-
	OPI Gas (Private) Limited	-
	Pearl Real Estate Holdings (Private) Limited	-
	Shine Plus (Pvt) Ltd.	-
	Hashoo (Private) Limited	-
	Tejari Pakistan (Private) Limited	-
	Organiks Plus (Private) Limited	-
	Hashoo Hunar (Pvt) Ltd	-
Foree pay (Pvt) Ltd.	-	
Hashoo School of Hospitality Management (Pvt.) 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	-
	Mr. M. Saleem Ahmad Ranjha	-
Key management personnel	Chief Financial Officer	-
	Company Secretary	-
Directors as Board of trustees	Hashoo Foundation	-
Significant influence of relative of Director	Nirvana, a partnership firm	-
Close family member of Directors	Ms. Sarah Hashwani	-
	Ms. Nadia Lakhani	-
	Ms. Shazia Hashwani	-
Significant influence	Genesis Trading (Private) Limited	-
	Karakoram Security Services (Private) Limited	-
	Foree pay (Pvt) Ltd.	-
Staff retirement fund	PSL Employees Provident Fund Trust	-

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 [Rupees'000]	2022
<b>Transactions with wholly owned subsidiary companies</b>			
Sales		3,681	3,074
Services provided		14,844	14,910
Services availed		124,723	97,789
Advance against equity extended		150,000	-
Refund of advance against equity		-	1,451,500
Funds received / current account		-	20,000
Funds repaid / current account		-	20,000
<b>Transactions with associated undertakings</b>			
Sales		2,344	450
Services provided		12,534	7,365
Services availed		553,997	409,209
Purchases		220,432	82,016
Franchise fee - income		5,340	5,291
Dividend income		60,227	60,227
Purchase of assets		33,072	-
Sale of assets		10,241	2,104
<b>Transactions with other related parties</b>			
Sales		325	1,852
Services provided		81	144
Services availed		40,237	10,012
Contribution to defined contribution plan - provident fund		62,165	53,587
<b>Transactions with key management personnel</b>			
Remuneration and allowances including staff retirement benefits	43.1	508,976	378,609
<b>43.1 Compensation to key management personnel</b>			
Salaries and other benefits		399,236	275,715
Contribution to provident fund		10,186	8,361
Gratuity		35,006	57,961
Bonus		24,000	24,000
Meeting fee		3,550	1,675
Other services		20,748	-
Others		16,250	10,897
		<b>508,976</b>	<b>378,609</b>
Number of persons		6	5

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

## 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		Total	Level 1	Level 2	Level 3	Total
		Fair value through profit or loss	Amortized cost	liabilities at amortized cost					
<b>30 June 2023</b>									
<b>Financial assets measured at fair value</b>									
Short term investments	27	420,879	-	-	420,879	420,879	-	-	420,879
Long term deposits	22	19,281	-	-	19,281	-	-	19,281	19,281
Short term deposits	26	21,431	-	-	21,431	-	-	21,431	21,431
<b>Financial assets not measured at fair value</b>									
Trade debts	25	-	939,652	-	939,652	-	-	-	-
Contract assets	32	-	20,620	-	20,620	-	-	-	-
Advance to employees	26	-	7,109	-	7,109	-	-	-	-
Other receivables	26	-	1,771,954	-	1,771,954	-	-	-	-
Short term investments	27	-	712,579	-	712,579	-	-	-	-
Accrued interest		-	3,514	-	3,514	-	-	-	-
Bank balances	30	-	354,809	-	354,809	-	-	-	-
		-	3,810,237	-	3,810,237	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
Loans and borrowings	8	-	-	12,166,083	12,166,083	-	-	-	-
Other liabilities		-	-	141,960	141,960	-	-	-	-
Short term borrowings	12	-	-	1,613,027	1,613,027	-	-	-	-
Lease liabilities		-	-	306,558	306,558	-	-	-	-
Trade and other payables	44.3	-	-	3,014,682	3,014,682	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	17,253,080	17,253,080	-	-	-	-

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

	Note	Carrying amount			Fair value				
		Amount in Rs'000							
		Financial Assets		Financial	Total	Level 1	Level 2	Level 3	Total
Fair value through loss	Amortized cost	liabilities at amortized cost							
<b>30 June 2022</b>									
<b>Financial assets measured at fair value</b>									
Short term investment	27	475,254	-	-	475,254	475,254	-	475,254	
Long term deposits	22	21,773	-	-	21,773	-	-	21,773	
Short term deposits	26	16,095	-	-	16,095	-	-	16,095	
		<u>513,122</u>	<u>-</u>	<u>-</u>	<u>513,122</u>	<u>475,254</u>	<u>-</u>	<u>37,868</u>	<u>513,122</u>
<b>Financial assets not measured at fair value</b>									
Trade debts	25	-	781,041	-	781,041	-	-	-	
Contract assets	32	-	27,654	-	27,654	-	-	-	
Advance to employees	26	-	5,044	-	5,044	-	-	-	
Other receivables	26	-	120,069	-	120,069	-	-	-	
Accrued interest		-	10,718	-	10,718	-	-	-	
Short term investments	27	-	1,268,579	-	1,268,579	-	-	-	
Bank balances	30	-	389,587	-	389,587	-	-	-	
		<u>-</u>	<u>2,602,692</u>	<u>-</u>	<u>2,602,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Financial liabilities not measured at fair value</b>									
Loans and borrowings	8	-	-	13,358,759	13,358,759	-	-	-	
Other liabilities		-	-	12,934	12,934	-	-	-	
Short term borrowings	12	-	-	2,241,140	2,241,140	-	-	-	
Lease liabilities		-	-	314,037	314,037	-	-	-	
Trade and other payables	44.3	-	-	2,244,648	2,244,648	-	-	-	
Unclaimed dividend		-	-	9,242	9,242	-	-	-	
Unpaid dividend		-	-	1,528	1,528	-	-	-	
		<u>-</u>	<u>-</u>	<u>18,182,288</u>	<u>18,182,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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.

	2023	2022
	[Rupees '000]	
Expected credit losses on trade debts and contract assets arising from contract with customers	[136,587]	166,907

### 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 31.1.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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.

	2023		2022	
	Trade debts	Contract assets	Trade debts	Contract assets
	[Rupees '000]		[Rupees '000]	
Pearl Continental Hotel				
- Karachi	290,073	8,094	244,383	9,142
- Lahore	438,148	2,396	498,469	8,502
- Rawalpindi	123,785	2,814	124,862	3,082
- Peshawar	82,189	-	183,548	2,780
- Bhurban	218,768	6,184	119,616	3,587
- Muzaffarabad	42,278	1,125	19,797	561
- Hunza	526	8	8,063	-
- Hotel one	30,365	-	-	-
Destinations of the World- Pakistan	43,260	-	48,631	-
	<b>1,269,392</b>	<b>20,620</b>	<b>1,247,368</b>	<b>27,654</b>

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

	Note	2023	2022
		[Rupees'000]	
From related parties		26,837	13,870
From government institutions		39,371	43,768
Others		1,223,804	1,217,384
	25 & 32	<b>1,290,012</b>	<b>1,275,022</b>
A summary of the Company's exposure to credit risk for trade debts is as follows.			
Customers with external credit rating of A1+ to A3		24,151	100,997
Customers without external credit rating		1,245,241	1,146,371
<b>Total gross carrying amount</b>		<b>1,269,392</b>	<b>1,247,368</b>
Allowance for expected credit losses		[329,740]	[466,327]
		<b>939,652</b>	<b>781,041</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 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 four 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 , Consumer Price Index which are as follows.

Years	GDP rate	Consumer price index
2023	0.5	27.1
2022	6.0	12.1
2021	5.7	8.9
2020	[0.9]	10.7
2019	3.1	6.7

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.

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
	%	[Rupees' 000]		
<b>30 June 2023</b>				
Current	7.7%	370,846	28,504	No
0-30 days past due	13.7%	226,075	31,063	No
30-60 days past due	24.8%	107,486	26,658	No
60-90 days past due	45.2%	28,317	12,795	No
91-150 days past due	43.3%	515,014	222,958	No
151 days and above	18.4%	42,274	7,762	No
		1,290,012	329,740	
<b>30 June 2022</b>				
Current	5.0%	352,514	17,509	No
0-30 days past due	6.8%	216,230	14,670	No
30-60 days past due	11.5%	142,750	16,354	No
60-90 days past due	23.3%	93,095	21,714	No
91-150 days past due	31.9%	62,217	19,829	No
151 days and above	92.2%	408,216	376,251	No
		1,275,022	466,327	

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.

	2023	2022
	[Rupees' 000]	
Balance at 01 July	466,327	299,420
Remeasurement of loss allowance	(136,587)	166,907
Balance as at 30 June	329,740	466,327

### ii Other receivables

The Company has other receivables of Rs. 174.31 million as at 30 June 2023 [2022: Rs. 120.86 million].

Impairment on other receivables have been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its other receivables have low credit risk.

### iv Short term investments

The Company held short term investments of Rs. 712.58 million as at 30 June 2023 [2022: Rs. 1,268.58 million]. These short term investments are held with the banks which are rated A1+ based on PACRA and JCR - VIS ratings.

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

### v Cash at bank

The Company held cash at bank of Rs. 313.94 million as at 30 June 2023 [2022: Rs. 339.16 million]. These balances are held with the banks which are rated A1+ to A-2 based on PACRA and JCR - VIS ratings.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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

### 44.5 Liquidity risk

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

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

		Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year and up to five years
	Note	[Rupees' 000]			
<b>2023</b>					
Loans and borrowings	8	12,166,083	16,899,269	13,013,838	3,885,431
Other liabilities		141,960	-	-	-
Trade and other payables	44.3	3,014,682	3,014,682	3,014,682	-
Short term borrowings	12	1,613,027	1,613,027	1,613,027	-
Lease liabilities		306,558	719,092	133,616	585,476
Unclaimed dividend		9,242	9,242	9,242	-
Unpaid dividend		1,528	1,528	1,528	-
		<u>17,253,080</u>	<u>22,256,840</u>	<u>17,785,933</u>	<u>4,470,907</u>
<b>2022</b>					
Loans and borrowings	8	13,358,759	15,431,310	5,511,203	9,920,107
Other liabilities		12,934	13,660	-	13,660
Trade and other payables	44.3	2,244,648	2,244,648	2,244,648	-
Short term borrowings	12	2,241,140	2,241,140	2,241,140	-
Lease liabilities		314,037	733,845	129,204	604,641
Unclaimed dividend		9,242	9,242	9,242	-
Unpaid dividend		1,528	1,528	1,528	-
		<u>18,182,288</u>	<u>20,675,373</u>	<u>10,136,965</u>	<u>10,538,408</u>

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

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

### 44.6 Market risk

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 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.

#### 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:

	2023		2022	
	[Rupees'000]	USD' 000	[Rupees' 000]	USD' 000
Bank balance	14,504	50.38	3,997	19.35

The following significant exchange rate applied during the year:

	Average rates		Balance sheet date rate	
	2023	2022	2023	2022
PKR/ US Dollars	248.23	179.64	287.90	206.52

### 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.

	2023	2022
	[Rupees'000]	
Increase in 5% USD rate	[725]	[200]
Decrease in 5% USD rate	725	200

### 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 2023

### Exposure to interest rate risk:

	2023	2022	2023	2022
	Effective interest rates %		[Rupees' 000]	
<b>Variable rate instruments</b>				
Financial assets	0.25 to 20.50	0.25 to 13.50	190,097	206,341
<b>Variable rate instruments</b>				
Financial liabilities	KIBOR + 0.6 to 1.5	KIBOR + 0.6 to 1.5	[13,795,971] [13,795,971]	[15,631,583] [15,631,583]

### 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. 136.24 million [2022: Rs. 154.22 million]. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

### 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

The Company is exposed to equity price risk, which arises from investments measured at fair value through profit or loss. All of the company's investment through profit or loss are in quoted investments, a Rs. 1 increase in market price at reporting date would have increased profit or loss by Rs. 15.61 million [2022: Rs. 15.61 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 2022 and assumes that all other variables remain the same.

Assets carried at fair value	Level 1	Level 2	Level 3
	[Rupees '000]		
<b>2023</b>			
Financial assets at fair value through profit or loss	420,879	-	-
<b>2022</b>			
Financial assets at fair value through profit or loss	475,254	-	-

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 2023

### 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:

	2023	2022
	[Rupees'000]	
(Decrease)/ increase in profit after tax for the year	[1,546]	118
Derecognition of property, plant and equipment	[130,793]	[145,825]
Recognition of intangible asset	306,210	323,222
Recognition of financial liability	[27,064]	[27,497]
Increase in taxation obligations	-	48
Unappropriated profits	102,860	104,406

### 46 CAPACITY

	Note	No. of lettable rooms		Average occupancy	
		2023	2022	2023 %	2022 %
Pearl Continental Hotel					
- Karachi		288	288	65	69
- Lahore		607	607	48	54
- Rawalpindi		200	200	62	74
- Bhurban		197	197	56	70
- Muzaffarabad		102	102	38	48

### 47 OPERATING SEGMENTS

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

### 45 NUMBER OF EMPLOYEES

	2023	2022
Number of employees at the year end	1,660	1,627
Average number of employees during the year	1,777	1,523

### 49 EMPLOYEES' PROVIDENT FUND

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

### 50 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on 28 September 2023.



**Murtaza Hashwani**  
Chief Executive Officer



**M.A. Bawany**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# PATTERN OF SHAREHOLDING

## AS AT 30 JUNE 2023

Categories of Shareholders:	Shares Held	Percentage
Sponsors, Directors, CEO	509,514	1.57
Associated Companies	10,373,749	31.90
Banks, Development Financial Institutions and Non-Banking Financial Institutions	439,817	1.35
Insurance Companies	28,815	0.09
Modarabas and Mutual Funds	1,123,491	3.45
Foreign Companies	17,856,343	54.90
<b>Individual:</b>		
Local	179,194	0.55
Foreign	20,659	0.06
Others	1,992,588	6.13
	<b>32,524,170</b>	<b>100</b>

# DISCLOSURE TO PATTERN OF SHAREHOLDINGS

## AS AT 30 JUNE 2023

SHAREHOLDERS	SHARES HELD
<b>DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND CHILDREN:</b>	
Mr. Sadruddin Hashwani	500
Mr. Murtaza Hashwani	502,357
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	650
Mr. Muhammad Saleem Ahmad Ranjha	500
	<b>509,514</b>
<b>ASSOCIATED COMPANIES:</b>	
Hashoo Holdings [Private] Limited	979,784
Zaver Petroleum Corporation Limited	2,964,332
Hashoo [Private] Limited	300
OPI Gas [Private] Limited	255,000
Gulf Properties [Private] Limited	3,004,333
Orient Petroleum INC.	3,170,000
	<b>10,373,749</b>
<b>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE, COMPANIES,</b>	
National Bank of Pakistan	418,911
National Investment Trust Limited	20,906
	<b>439,817</b>
<b>INSURANCE COMPANIES</b>	
Alpha Insurance Co. Limited	28,815
<b>MODARBAS &amp; MUTUAL FUNDS:</b>	
CDC - Trustee AKD Index Tracker Fund	5,440
CDC - Trustee AKD Opportunity Fund	100
CDC- Trustee Golden Arrow Selected Stocks Fund Limited	13,400
CDC-Trustee National Investment [UNIT] Trust	1,104,551
	<b>1,123,491</b>

# DISCLOSURE TO PATTERN OF SHAREHOLDINGS

## AS AT 30 JUNE 2023

SHAREHOLDERS	SHARES HELD
<b>FOREIGN COMPANIES:</b>	
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
	<b>17,856,343</b>
<b>Individual:</b>	
Local	179,194
Foreign	20,659
	<b>199,853</b>
<b>OTHERS:</b>	
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
First Capital Equities Limited	80
Premier Fashions [Pvt] Ltd	100
Trustee National Bank Of Pakistan Employees Pension Fund	75,074
Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	2,634
Arkad Consultants [Private] Limited	190
Trustees of Hamdard Laboratories [WAQF] Pakistan	246,943
H M Investments [Pvt] Limited	214
Kaizen Construction [Pvt] Limited	62,045
The Dawood Foundation	41,688
Msmaniar Financials [Pvt] Ltd.	67
Central Depository Company Of Pakistan Limited	4
Fikrees [Private] Limited	2
Ktrade Securities Limited	1
MRA SECURITIES LIMITED - MF	250
	<b>1,992,588</b>
	<b>32,524,170</b>



Pearl-Continental Hotel, Karachi







# CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



# DIRECTORS' REPORT – CONSOLIDATED

## Dear Members

The Board of Directors of Pakistan Services Limited, the Parent Company, is pleased to present before you 64th Annual Report carrying therewith also the audited consolidated financial statements for the year ended on June 30, 2023 and Auditors' Report thereon.

The financial results reflected in the Consolidated Financial Statements for the year ended on June 30, 2023 are as under:

	[Rupees '000]
Loss before taxation	[1,447,514]
Taxation	[338,289]
Loss after taxation	<u>[1,785,803]</u>

## Loss per share

Loss per share for the year worked out at Rs. [52.35].

During the year under review; the wholly owned subsidiary M/s Pearl Tours & Travels [Private] Limited remain engaged in the business of rent-a-car as well as arrangement of tour packages and generated revenue of Rs. 313 million as compared to Rs. 267 million for last year . During the year under review the Company recorded loss after tax of Rs. 13.87 million as compared to loss of Rs. 5.69 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 2022-23.

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, loan restructuring and change in management are included in Un-consolidated Directors report.

Nature of business throughout the year remains the same.

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

The retiring auditors, M/s. KPMG Taseer Hadi & Co, Chartered Accountants being eligible, offer themselves for re-appointment as the 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 2024.



**Murtaza Hashwani**  
Chief Executive Officer



**M.A. Bawany**  
Director

Islamabad:  
28 September, 2023

## ڈائریکٹرز رپورٹ (مجموعی)

محترم حصص داران:

پاکستان سروسز لمیٹڈ، بنیادی کمپنی، کا بورڈ آف ڈائریکٹرز آپ کے سامنے 64 ویں سالانہ رپورٹ پیش کر رہا ہے۔ اس رپورٹ کے ساتھ 30 جون 2023 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 2023 کو ختم ہونے والے مالیاتی سال کے مربوط شدہ مالیاتی گوشواروں سے حاصل نتائج درج ذیل ہیں:

(000 روپے)	
ماقبل ٹیکس نقصان	(1,447,514)
ٹیکس	(338,289)
بعد از ٹیکس نقصان	(1,785,803)

## فی حصص آمدن

مذکورہ سال کے لیے فی حصص نقصان 52.35 روپے رہا۔

زیر نظر سال میں میسرز پرل ٹورز اینڈ ٹریڈرز (پرائیویٹ) لمیٹڈ، جو کہ مکمل ملکیتی ذیلی کمپنی ہے، نے 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 313 ملین روپے کمائے، جب کہ پچھلے سال یہ آمدن 267 ملین روپے تھی۔ زیر نظر سال کے دوران کمپنی نے بعد از ٹیکس 13.87 ملین روپے کا نقصان ریکارڈ کیا۔ جبکہ پچھلے سال یہ نقصان 5.69 ملین روپے تھا۔

مکمل ملکیتی ذیلی کمپنیوں میسرز سٹی پراپرٹیز پرائیویٹ لمیٹڈ اور میسرز ایلٹ پراپرٹیز (پرائیویٹ) لمیٹڈ نے اپنی کاروباری سرگرمیوں کا آغاز نہیں کیا ہے جبکہ ایک مکمل ملکیتی ذیلی کمپنی میسرز پرل کابینٹنل (پرائیویٹ) لمیٹڈ کی 2022-23 میں سرگرمیاں تقریباً معطل رہیں۔

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

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

سال بھر کے دوران کاروبار کی نوعیت یکساں رہی۔

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

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

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

*Roway*

ڈائریکٹر  
ایم۔ اے۔ باوانی

*حسد*

چیف ایگزیکٹو آفیسر  
مرغی ہاشوانی

اسلام آباد: 28 ستمبر 2023



# 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 2023 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 2023, 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 your attention to Note 2.4 and 8 (on Going Concern and loans and borrowings) which state that as at 30 June 2023 the Parent Company has breached certain covenants under loan agreements with its lenders and as at 30 June 2023 its current liabilities exceed current assets by Rs 3,022 million.

As at the date these financial statements were approved for issuance, the Parent Company had entered into restructuring agreements with its lenders. A condition precedent for the revised schedule to be enacted is the repayment of Rs 5,500 million by December 15, 2023, from the proceeds of the sale of properties classified as assets held for sale in these consolidated financial statements. As at the date these consolidated financial statements were approved for issuance, certain administrative approvals were pending for the above sale transaction to be completed. The Parent Company's CEO has signed legally irrevocable, legally binding sponsor support agreements to guarantee the aforementioned repayment of Rs 5,500 million. In accordance with the sponsor agreements concluded, the CEO will either inject equity or provide a sponsor loan to the tune of the repayment required by 15 December 2023. Further the Sponsor has confirmed to support the funding requirements of subsidiary companies.

These events along with other events described in 2.4 of the consolidated financial statements indicate that a material uncertainty exist that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	<p><b>Revenue recognition</b></p> <p>Refer notes 3.16 and 32 to the consolidated financial statements.</p> <p>The Group recognized revenue of Rs. 6,343 million and Rs. 8,242 million from rooms and sale of food and beverages respectively for the year ended 30 June 2023.</p> <p>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.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>● Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key manual internal controls over recording of revenue;</li> <li>● Comparing a sample of revenue transactions recorded during the year with sales invoices and other relevant underlying documents;</li> <li>● 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;</li> <li>● Assessing the appropriateness of accounting policies for revenue recognition for compliance with applicable financial reporting framework including application to the amounts recognized during the year;</li> <li>● 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; and</li> <li>● Assessing the adequacy of presentation and disclosures related to revenue as required under the accounting and reporting standards as applicable in Pakistan</li> </ul>

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

S. No.	Key audit matters	How the matter was addressed in our audit
2	<p><b>Loans and borrowings from financial institutions</b></p> <p>Refer notes 3.6.2 and 8 to the consolidated financial statements.</p> <p>The Group utilized long-term loans and borrowing from financial institutions aggregating to Rs. 11,320 million as at 30 June 2023.</p> <p>We identified loans and borrowings from financial institutions as a key audit matter as during the year the Group has initiated the process of restructuring arrangement due liquidity constraints attributable to repayment of principal and interest installments.</p> <p>Further the loan and borrowing from financial institutions carry covenants, the non-compliance of which at the balance sheet date may effect their presentation.</p>	<p>Our audit procedures in this area included, among others</p> <ul style="list-style-type: none"> <li>• Obtained and inspected the restructuring agreements/ term sheets to ensure that restructuring terms have been agreed.</li> <li>• Assessing the appropriateness of the accounting treatment of restructuring of loans and borrowing from financial institutions for facilities for which restructuring agreements have been entered into prior to the year end and related conditions have been met.</li> <li>• Comparing the accounting treatment by the management to the restructured terms to ensure appropriate adjustment of liability in accordance with the applicable accounting and reporting framework.</li> <li>• Obtained direct confirmation from financial lending institution for outstanding balances of loans and borrowing from financial institutions as at 30 June 2023 to assess that the balances are in accordance with the restructured terms.</li> <li>• Inspecting compliance with the restrictive covenants of loan and borrowing from financial institutions to ensure that these are appropriately classified regardless of the restructuring arrangements; and</li> <li>• Assessing the adequacy of presentation and disclosures related to loans and borrowings from financial institutions including restricting arrangements and covenant compliance status.</li> </ul>

### Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the Chairman Review, Directors' Report, Key Operating and Financial Data, Horizontal analysis, Vertical Analysis and Statement of Value Addition and its Distribution included in the annual report for the year ended 30 June 2023, but does not include the consolidated and unconsolidated and consolidated financial statements and our auditors' reports thereon.

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

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

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

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



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

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.

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

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

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

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



KPMG Taseer Hadi & Co.

Chartered Accountants

Islamabad

5 October 2023

UDIN: AR202310111gW2etsnQF

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2023

	Note	30 June 2023	30 June 2022
		[Rupees'000]	
<b>EQUITY</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	4	325,242	325,242
Capital reserves	5	145,070	145,070
Revenue reserves	6	5,620,965	4,055,165
Revaluation surplus on property, plant and equipment	7	36,498,205	39,067,871
<b>Equity attributable to owners</b>		<b>42,589,482</b>	<b>43,593,348</b>
Non-controlling interest		117,667	186,344
<b>Total equity</b>		<b>42,707,149</b>	<b>43,779,692</b>
<b>LIABILITIES</b>			
Loans and borrowings	8	1,882,050	8,730,771
Lease liabilities	9	248,909	301,591
Deferred government grant		-	4,638
Employee benefits	10	1,042,945	945,299
Other liabilities	11	141,960	-
Deferred tax liability - net	12	633,007	204,411
Other non-current liability		-	12,934
<b>Non current liabilities</b>		<b>3,948,871</b>	<b>10,199,644</b>
Short term borrowings	13	2,576,960	3,047,607
Current portion of loans and borrowings	8	10,729,652	4,940,595
Current portion of lease liabilities	9	151,161	135,726
Trade and other payables	14	3,707,432	2,843,806
Contract liabilities	33	952,335	864,663
Advance against non-current assets held for sale		500,000	875,000
Unpaid dividend	15	1,528	1,528
Unclaimed dividend		9,242	9,242
<b>Current liabilities</b>		<b>18,628,310</b>	<b>12,718,167</b>
<b>Total equity and liabilities</b>		<b>65,284,330</b>	<b>66,697,503</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	16		

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

		30 June 2023	30 June 2022
	Note	[Rupees'000]	
<b>ASSETS</b>			
Property, plant and equipment	17	46,576,613	49,695,181
Advances for capital expenditure	18	1,189,494	1,203,165
Intangible assets	19	677,847	635,112
Investment property	20	80,000	80,000
Long term investments	21	1,103,776	1,130,265
Long term deposits	22	50,026	52,518
Advance against equity	23	-	189,402
<b>Non current assets</b>		<b>49,677,756</b>	<b>52,985,643</b>
Inventories	24	520,654	407,862
Development properties	25	2,005,487	1,855,487
Trade debts	26	987,640	833,185
Contract assets	33	20,620	27,654
Advances, prepayments, trade deposits and other receivables	27	790,940	512,862
Short term investments	28	725,755	1,288,350
Non-current assets held for sale	29	9,339,704	7,659,099
Advance income tax - net	30	828,745	577,635
Cash and bank balances	31	387,029	549,726
<b>Current assets</b>		<b>15,606,574</b>	<b>13,711,860</b>
<b>Total assets</b>		<b>65,284,330</b>	<b>66,697,503</b>



**Murtaza Hashwani**  
Chief Executive Officer



**M.A. Bawany**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## FOR THE YEAR ENDED 30 JUNE 2023

		30 June 2023	30 June 2022
	Note	[Rupees'000]	
Revenue - net	32	13,589,512	13,485,309
Cost of sales and services	34	[8,571,703]	[8,503,101]
<b>Gross profit</b>		<b>5,017,809</b>	<b>4,982,208</b>
Other income	35	483,150	151,190
Administrative expenses	36	[4,157,096]	[3,112,889]
Other expense	37	[1,298,341]	[952,973]
Reversal / [allowance] of impairment loss on trade debts	26	138,831	[179,283]
<b>Operating profit</b>		<b>184,353</b>	<b>888,253</b>
Finance income	38	211,816	82,921
Loss on remeasurement of investments to fair value - net		[170]	[789]
Finance cost	39	[1,998,514]	[1,439,243]
<b>Net finance cost</b>		<b>[1,786,868]</b>	<b>[1,357,111]</b>
Share of profit in equity accounted investments - net	21	155,001	107,260
Loss before taxation		[1,447,514]	[361,598]
Income tax	40	[338,289]	[37,920]
<b>Loss for the year</b>		<b>[1,785,803]</b>	<b>[399,518]</b>
<b>Loss attributable to:</b>			
Owners of the Parent Company		[1,702,726]	[357,305]
Non-controlling interests		[83,077]	[42,213]
		[1,785,803]	[399,518]
Loss per share - basic and diluted [Rupees]	41	[52.35]	[10.99]

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



**Murtaza Hashwani**  
Chief Executive Officer



**M.A. Bawany**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2023

	30 June 2023	30 June 2022
	[Rupees'000]	
Loss for the year	[1,785,803]	[399,518]
Other comprehensive income for the year		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurement of defined benefits liability	4,170	[117,390]
Surplus on revaluation of property, plant and equipment	-	10,131,256
Share of remeasurement of defined benefit obligation of associate	[83]	1,166
Related tax effect	[1,737]	34,043
	2,350	10,049,075
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange gain on translation of long term investments in equity accounted investees	988,094	589,151
Share of other OCI items of associate	[28,053]	[21,164]
Unrealised gain on non-quoted investment	27,715	-
Related tax effect	[291,246]	[170,854]
	696,510	397,133
Total other comprehensive income- for the year	698,860	10,446,208
Total comprehensive income - [loss] for the year	[1,086,943]	10,046,690
<b>Total comprehensive income - [loss] attributable to:</b>		
Owners of the Parent Company	[1,003,866]	10,088,903
Non-controlling interests	[83,077]	[42,213]
	[1,086,943]	10,046,690

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



**Murtaza Hashwani**  
Chief Executive Officer



**M.A. Bawany**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Share premium	Acquisition reserve	Share of associate's capital reserve	Revenue reserves				Surplus on revaluation of property, plant and equipment	Total	Non-controlling interest	Total equity
					General reserve	Fair value through other comprehensive income	Exchange translation reserve (net of tax)	Share of other OCI items of associate				
<b>Balance at 01 July 2021</b>	325,242	269,424	-	147,221	1,600,000	-	1,050,550	49,004	1,229,529	29,105,050	33,776,020	187,871 33,963,891
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	(357,305)	-	(357,305)	(42,213) (399,518)
Loss for the year	-	-	-	-	-	-	-	-	(82,181)	10,131,256	10,446,208	- 10,446,208
Other comprehensive income for the year	-	-	-	-	-	-	418,297	(21,164)	(439,486)	10,131,256	10,088,903	(42,213) 10,046,690
Total comprehensive income for the year	-	-	-	-	-	-	418,297	(21,164)	(439,486)	10,131,256	10,088,903	(42,213) 10,046,690
<b>Transactions with owners</b>	-	-	-	-	-	-	-	-	-	-	-	40,686 40,686
Advance against issuance of shares	-	-	-	-	-	-	-	-	-	-	-	-
Excess of Groups' share in net assets at acquisition - net of tax	-	-	92,581	-	-	-	-	-	-	-	92,581	- 92,581
Transfer on disposal	-	-	92,581	-	-	-	-	-	168,435	(168,435)	92,581	40,686 133,267
Transaction with entities under common control	-	-	(364,156)	-	-	-	-	-	-	-	(364,156)	- (364,156)
<b>Balance at 30 June 2022</b>	325,242	269,424	(271,575)	147,221	1,600,000	-	1,468,847	27,840	958,478	39,067,871	43,593,348	186,344 43,779,692
<b>Balance at 01 July 2022</b>	325,242	269,424	(271,575)	147,221	1,600,000	-	1,468,847	27,840	958,478	39,067,871	43,593,348	186,344 43,779,692
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	(1,702,726)	-	(1,702,726)	(83,077) (1,785,803)
Loss for the year	-	-	-	-	-	-	-	-	2,350	-	698,860	- 698,860
Other comprehensive income for the year	-	-	-	-	-	19,678	701,547	(24,715)	(1,700,376)	-	(1,003,866)	(83,077) (1,086,943)
Total comprehensive income for the year	-	-	-	-	-	19,678	701,547	(24,715)	(1,700,376)	-	(1,003,866)	(83,077) (1,086,943)
<b>Transactions with owners</b>	-	-	-	-	-	-	-	-	-	-	-	14,400 14,400
Advance against issuance of shares	-	-	-	-	-	-	-	-	-	-	-	-
Excess of Groups' share in net assets at acquisition - net of tax	-	-	-	-	-	-	-	-	2,569,666	(2,569,666)	-	14,400 14,400
Transfer on disposal	-	-	-	-	-	-	-	-	-	-	-	-
Transaction with entities under common control	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2023</b>	325,242	269,424	(271,575)	147,221	1,600,000	19,678	2,170,394	3,125	1,827,768	36,498,205	42,589,482	117,667 42,707,149

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



**Murtaza Hashwani**  
Chief Executive Officer



**M.A. Bawany**  
Director



**Tahir Mahmood**  
Chief Financial Officer



# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2023

		30 June 2023	30 June 2022
	Note	[Rupees'000]	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash flow from operating activities before working capital changes	42	2,287,125	3,229,137
<b>Working capital changes</b>			
Inventories		[112,728]	[48,944]
Development property		[150,000]	1,837,314
Trade debts		[15,624]	[615,194]
Contract assets		7,034	[4,791]
Advances		[31,165]	[14,944]
Trade deposits and prepayments		[38,776]	[4,635]
Other receivables		[208,137]	[144,820]
Contract liabilities		79,772	352,282
Non current liabilities		[12,934]	[5,867]
Trade and other payables		845,226	541,085
<b>Cash generated from operations</b>		<b>362,668</b>	<b>1,891,486</b>
Staff retirement benefit - gratuity paid		[57,894]	[35,244]
Compensated leave absences paid		[29,433]	[18,262]
Income tax paid		[453,786]	[241,063]
Finance cost paid		[2,453,781]	[2,204,360]
<b>Net cash [utilized] generated from operating activities</b>		<b>[345,102]</b>	<b>2,621,694</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		[1,529,763]	[1,048,313]
Advance for capital expenditure		13,671	[17,073]
Proceeds from disposal of property, plant and equipment		93,369	223,593
Acquisition of subsidiary - net of cash		-	1,356
Software procurement/ development expenditure		[77,030]	[137,744]
Long term investment		-	[550,000]
Advance against non-current assets held for sale		500,000	875,000
Dividend income received		61,427	60,452
Increase in non-current assets held for sale		[333,675]	[493,557]
Proceeds from disposal of non current assets held for sale		2,344,220	-
Short term investments		555,670	[628,330]
Advance against equity investment		-	[4,669]
Receipts of return on bank deposits and short term advance		210,879	79,261
Long term deposits and prepayments		2,492	[6,192]
<b>Net cash from / [used in] investing activities</b>		<b>1,841,260</b>	<b>[1,646,216]</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term financing		[1,706,586]	[596,301]
Proceeds from Loan		441,050	-
Allocation of rooms on long term basis		215,509	-
Lease liabilities paid		[120,533]	[135,184]
Transaction cost paid		[15,000]	[8,200]
Short term loan		157,467	279,809
Advance against issuance of share		14,400	40,686
<b>Net cash used in financing activities</b>		<b>[1,013,693]</b>	<b>[419,190]</b>
<b>Net increase in cash and cash equivalents</b>		<b>482,465</b>	<b>556,289</b>
Cash and cash equivalents at beginning of the year		[1,627,920]	[2,184,209]
Cash and cash equivalents at end of the year	43	[1,145,455]	[1,627,920]

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



**Murtaza Hashwani**  
Chief Executive Officer



**M.A. Bawany**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 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 17.1.5.

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 “CPPL”	Real estate development	100%
Elite Properties (Private) Limited	Real estate development	100%
Foreepay (Private) Limited	Payment system related	78.26%
		(through Inveny)
Pak Vitae (Private) Limited	Clean water product	74.65%
		(through Inveny)
Inveny (Private) Limited	Conglomerate	78.31%
		(through CPPL)

### 2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

#### 2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

#### 2.2 Basis of consolidation

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 2.2.1 Business combinations

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

#### Subsidiaries

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

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

#### Non-controlling interests (NCI)

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

#### Loss of control

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

#### Interests in equity-accounted investees

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

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

#### Transactions elimination in consolidation

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### Foreign operations

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

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

### 2.3 Basis of measurement and preparation

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

Item	Measurement basis
Land	Revaluation model
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

As at June 30, 2023, the Parent Company was in breach of certain covenants under loan agreements with its lenders (refer to Note 8.6). The Group's current liabilities exceeded its current assets by Rs 3,022 million as at 30 June 2023. This liquidity position was primarily due to the classification of long-term loans as current liabilities due to the breach of certain loan covenants. These breaches were subsequently rectified. Had these rectifications been in place on June 30, 2023, current assets would have exceeded current liabilities by Rs. 500 million.

As at the date that these consolidated financial statements were authorized for issue, the Parent Company had entered into restructuring agreements with its lenders. A condition precedent for the revised schedule to be enacted is a loan repayment amounting to Rs 5,500 million by December 15, 2023 out of the proceeds from the sale of certain properties classified as assets held for sale in these consolidated financial statements. As at the date that these consolidated financial statements were authorized for issue, certain administrative approvals were pending for the sale transaction to be completed (refer to Note 28.1).

The Parent Company's CEO has signed legally irrevocable, legally binding sponsor support agreements to guarantee the repayment of Rs 5,500 million. In accordance with the sponsor support agreements concluded, the Parent Company's CEO will either inject equity or provide sponsor loan.

However, Management has prepared these consolidated financial statements on a going concern basis based on the following considerations:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

- Although letters from lenders explicitly waiving the right to demand early repayment of loans were not received prior to the reporting period end, management believes that the lenders will not execute these rights as they have agreed to further restructuring of loans. As at the date that these consolidated financial statements were authorized for issue, the Parent Company signed restructuring agreements with lenders. The lenders have also confirmed in writing subsequent to the reporting period end that covenants applicable for year end 30 June 2023 have been waived and accordingly repayment will be demanded as per restructured agreements if condition precedent is met.
- The condition precedent for the revised schedule as per restructured arrangements with the Banks to be enacted is the loan of Rs.5,500 million by 15 December 2023, out of the proceeds from sale of properties classified as assets held for sale in these consolidated financial statements. For these purposes, the Parent Company and its subsidiary have entered into agreements to sell the said properties for Rs.6,250 million. The Parent Company and its subsidiary has received Rs. 650 million as a prepayment for the sale of some of the properties classified as assets held for sale. Although the sale transaction has not been completed due to some pending administrative approvals, management believes that the necessary approvals will be received within the time frame stipulated in the restructuring agreements.
- The repayment of the loans, including accrued markup, for the amount of Rs.5,500 million is also guaranteed by the Parent Company's CEO. The Parent Company's CEO has signed legally irrevocable, legally binding sponsor agreements to guarantee this repayment. In accordance with the sponsor support agreements concluded, the Parent Company's CEO will either inject equity or provide a sponsor loan. In case a sponsor loan is provided, it will be subordinated to the existing debt facilities of the Parent Company and the sponsor confirmed that he will not demand repayment of the loan if such repayment will negatively affect the financial position and the financial performance of the Parent Company. Further Sponsors have also confirmed to support the funding requirements of the subsidiary Companies.
- The Parent Company believes that it will be able to repay other loan obligations, including Rs. 1.28 billion, which is due by 30 June 2024 under restructured agreements, out of cash-flows from operating activities.

The Parent Company's plans to improve net cash-inflow from operating activities starting from 1 July 2023. According to the Parent Company's forecasts, net operating cash-flows for the year ended 30 June 2024 and 30 June 2025 will amount to Rs 0.59 billion and Rs 3.16 billion respectively. The Parent Company's management believes that the cash flow of the Parent Company will be sufficient to finance all its due obligations. Further the funding gap if any is expected to be met through borrowing and equity funding.

The improved cash flow would result from an increase in revenue, which the Parent Company has been achieving consistently in the recent past. This increase is further expected to be coupled with a significant decrease in finance costs, which are currently a major contributor to the loss and cash out flows. The Parent Company is also taking measures to curtail the increase in operating costs through efficient resource management, including human resources, fuel and power, and inventory.

Based on the factors above, management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

Management acknowledges that the manner and timing of all the assumptions and projected results envisaged in management's assessment and cash flow projections are always subject to unforeseen variability, and these may differ due to events and conditions outside the control of management. The events and conditions above indicate a material uncertainty on the manner of achievement of planned actions and projected results that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 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 & 17.1 useful lives, reassessed values, residual values and depreciation method of property, -plant and equipment
- Note 16 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 & 40 estimation of income tax provisions
- Note 3.10 & 26 - measurement of allowance for expected credit loss
- Note 2.4 - going concern basis of accounting
- Note 29 - fair value of non-current assets held for sale

#### Measurement of fair values

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

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

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

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

**Level 1:** quoted prices [unadjusted] in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly [i.e. as prices] or indirectly [i.e. derived from prices].

**Level 3:** inputs for the asset or liability that are not based on observable market data [unobservable inputs].

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 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 consolidated statement of financial position. Increases in the carrying amounts arising on revaluation of land are recognized, in consolidated statement of comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in consolidated statement of profit or loss, the increase is first recognized in consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in consolidated statement of comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to consolidated statement of profit or loss.

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

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

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

#### Subsequent expenditure

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

#### Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the diminishing balance method over their estimated useful lives, and is generally recognised in consolidated statement of profit or loss at rates given in note 17 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 17.1.1 to these consolidated financial statements.

Depreciation on additions to property, plant and equipment is charged on prorated 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 3.2 Intangible asset

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

#### Subsequent expenditure

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

#### Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the diminishing balance method over their estimated useful lives, on monthly basis and is recognized in consolidated statement of profit or loss. Amortization rate is mentioned in note 19.

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

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

### 3.3 Leases

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

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

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

#### Right of use asset

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

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

#### Lease liabilities

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

- 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 consolidated statement of profit or loss.

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

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

### 3.5 Inventories

#### 3.5.1 Stores, spare parts and loose tools

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

#### 3.5.2 Stock in trade

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

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

### 3.6 Financial instruments

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 3.6.1 Financial asset

#### Classification

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

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

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

#### a) Amortized cost

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: [i] it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and [ii] its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### c) Fair value through profit or loss (FVTPL)

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

#### Subsequent measurement

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

### 3.6.2 Financial liabilities

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

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

### 3.6.3 Offsetting

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

### 3.7 Trade and other receivables

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

### 3.8 Common control transactions

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

### 3.9 Trade and other payables

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

### 3.10 Impairment

#### 3.10.1 Impairment of financial assets

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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

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

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

### 3.10.2 Impairment of non-financial assets

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

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

### 3.11 Provisions

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

### 3.12 Contingent liabilities

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

### 3.13 Share capital and dividend

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 3.14 Employee benefits

#### 3.14.1 Short-term employee benefits

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

#### 3.14.2 Defined contribution plan – Provident fund

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

#### 3.14.3 Defined benefit plans

The Group operates the following defined benefit plans:

##### [a] Gratuity

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

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

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

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

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

##### [b] Compensated leave absences

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

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

### 3.15 Income tax

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### Current tax

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

### Deferred tax

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

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

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

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

### 3.16 Revenue recognition

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

#### 3.16.1 Revenue from contracts with customers

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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 over time as the customer simultaneously receives and consumes the benefit. There is no financing component involved. Discounts are offered to the customers at the management's discretion	Room revenue is recognized on the rooms occupied on daily basis and after completing all other obligation related to the room.
Food and beverages revenue	The performance obligation is satisfied at the point in time when food and beverages are served to the customer. For service charges levied on food and beverages, the performance obligation is satisfied at the point in time when the food and beverages are served. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Food and beverages revenue is recognized on consumption of food and beverages by the customer.
Revenue from other related services	The performance obligation is satisfied at the point in time/ over time when services are provided to the customer. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Revenue from other related services is recognized when the services are provided.
Revenue from franchise & management fee	The performance obligation is satisfied over time when franchise rights and management services are provided to the customer. There is no financing component involved.	Revenue is recognized when it is probable that the related economic benefits will flow to the entity.
Revenue from 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 consolidated statement of profit or loss on a systematic pattern of revenue.

### Contract assets

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

### Contract liabilities

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 3.16.2 Other income

Other income is recognized on an accrual basis. Net gains and losses of disposal of property, plant and equipment have been recognized in the consolidated statement of profit or loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Dividend income from investments is recognized when the Group's right to receive has been established.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

### 3.17 Non – current assets held for sale

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

### 3.18 Foreign currency transactions and translations

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupee at the exchange rate ruling on the reporting date and exchange differences, if any, are recognised in consolidated statement of profit or loss.

### 3.19 Operating profit

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

### 3.20 Finance income and finance cost

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

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

### 3.21 Fair value measurement

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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.

### 3.22 Development properties

Development properties include land acquired to carry on real estate business and property development. These are carried in the consolidated statement of financial position at lower of cost and net realizable value. Cost includes purchase costs, related government taxes, construction cost, borrowing cost and other overheads necessary to bring the properties in the saleable condition. Net realizable value represents the selling price in the ordinary course of business less cost of completion and estimated cost necessary to be incurred for making the sale. This also includes advances given to acquire the land / villas.

### 3.23 Government grant

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

### 3.24 Ijarah contracts

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

### 3.25 Cash and cash equivalents

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

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2023:

- Classification of liabilities as current or non-current [Amendments to IAS 1 in January 2020] apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Non-current Liabilities with Covenants [amendment to IAS 1 in October 2022] aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date [i.e. future covenants] do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 [as referred above].
- Disclosure of Accounting Policies [Amendments to IAS 1 and IFRS Practice Statement 2] – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
  - The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Definition of Accounting Estimates [Amendments to IAS 8] introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction [Amendments to IAS 12] narrow the scope of the initial recognition exemption [IRE] so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Lease Liability in a Sale and Leaseback [amendment to IFRS 16 in September 2022] adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity [a seller-lessee] applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [Amendments to IFRS 10 and IAS 28] amend 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.
- Supplier Finance Arrangements [amendments to IAS 7 and IFRS 7] introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users [investors] to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.
- International Tax Reform – Pillar Two Model Rules [amendments to IAS 12 ] introduce following new disclosure requirements:
  - Once tax law is enacted but before top-up tax is effective:
 

disclose information that is known or can be reasonably estimated and that helps users of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date. If information is not known or cannot be reasonably estimated at the reporting date, then a company discloses a statement to that effect and information about its progress in assessing the Pillar Two exposure.
  - After top-up tax is effective: disclose current tax expense related to top-up tax.

3.27 Following new standards, amendments and interpretations become effective during the period 01 July 2022, but they do not have a material effect on the Company's unconsolidated financial statements:

Effective date	New standard or amendments
01 January 2023	Amendments to IAS-8, definition of accounting estimates
01 January 2023	Amendments to IAS-12, Deferred tax related to Assets and liabilities
01 January 2023	Amendments to IAS-1, classification of liabilities as current
01 January 2023	Amendments to IAS-1 Disclosure of accounting policies and IFRS Practice statement -2

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 4 SHARE CAPITAL

#### 4.1 Authorised share capital

Authorized share capital is 200,000,000 [2022: 200,000,000] ordinary share of Rs. 10 each.

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

2023		2022			2023		2022	
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		
<u>32,524,170</u>	<u>32,524,170</u>				<u>325,242</u>	<u>325,242</u>		

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 10,373,749 [2022: 10,540,416] and 509,514 [2022: 503,657] ordinary shares of Rs. 10 each were held by associated companies and directors of the Parent Company respectively.

#### 4.3 Capital management

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

The Group manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders and/or issue new shares. There were no changes to Group's approach to capital management during the year. Under the term of the loans restructuring arrangements as agreed with the financial institutions before these financial statements were authorized for issue, the Parent Company is barred from payment of any dividend, further unappropriated profit includes an amount of Rs. 3,048 million [2022: Rs. 412 million] on account of surplus on revaluation of Land and net gain on disposal of capital assets, distribution of the same is subject to section 240 of companies Act 2017.

5	CAPITAL RESERVES	Note	2023	2022
			[Rupees'000]	
	Share premium	5.1	269,424	269,424
	Share of associate's capital reserve		147,221	147,221
	Acquisition reserve		[271,575]	[271,575]
			<u>145,070</u>	<u>145,070</u>

5.1 Capital reserve represents share premium as and when received.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
		[Rupees'000]	
<b>6</b>	<b>REVENUE RESERVES</b>		
	General reserve	1,600,000	1,600,000
	Exchange translation reserve	2,170,394	1,468,847
	Surplus on remeasurement of FVOCI securities	22,803	27,840
	Unappropriated profit	1,827,768	958,478
		<b>5,620,965</b>	<b>4,055,165</b>
<b>7</b>	<b>REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT</b>		
		2023	2022
		[Rupees'000]	
	Balance at 01 July	39,067,871	29,105,050
	Surplus on revaluation recognized during the year	-	10,131,256
	Transferred to revenue reserves	[2,569,666]	[168,435]
	Balance at 30 June	<b>36,498,205</b>	<b>39,067,871</b>
7.1	This represents amount transferred on disposal of property bearing survey No.32-B, Khyber Road, Peshawar.		
<b>8</b>	<b>LOANS AND BORROWINGS - Secured</b>		
		2023	2022
		[Rupees'000]	
<b>a.</b>	<b>Non current portion</b>		
	Term Finance Loan - 1	1,915,649	534,035
	Term Finance Loan - 2	-	1,662,520
	Term Finance Loan - 3	1,333,333	1,765,539
	Term Finance Loan - 4	1,600,000	1,800,000
	Term Finance Loan - 5	-	149,818
	Term Finance Loan - 6	351,050	-
	Sukuk	5,751,166	6,390,184
	Preference shares	279,000	279,000
	Term Finance Loan - 7	90,000	-
	Transaction cost	[32,711]	[27,080]
		<b>11,287,487</b>	<b>12,554,016</b>
	Current portion of loans	<b>[9,405,437]</b>	<b>[3,971,901]</b>
		<b>1,882,050</b>	<b>8,582,115</b>
	Mark-up accrued non-current	-	148,656
		<b>1,882,050</b>	<b>8,730,771</b>
<b>b.</b>	<b>Current portion</b>		
	Current portion of loans	9,405,437	3,971,901
	Mark-up accrued	1,324,215	968,694
		<b>10,729,652</b>	<b>4,940,595</b>
8.1	This represents outstanding balance of term finance loan of Rs. 3,000 million carrying markup of 3-month KIBOR plus 0.75% [2022: 3-month KIBOR plus 0.75 to 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. 2,734 million [2022: Rs. 1,534 million and Rs. 1,200 million], first pari passu charge over all present and future movable assets of Pearl Continental Hotel, Rawalpindi to the extent of Rs. 734 million [2022: Rs. 734 million]. During the year, the Parent Company approached to the financial institution for restructuring and deferment of payments including unpaid amounts on March 2023 and June		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

2023, the financial institution has approved the restructuring and all the outstanding loans have been merged into a single loan, and deferred the unpaid amounts along with payment due in September 2023 quarter till December 2023, all these outstanding amounts are due for payment in December 2023, upon settlement of these outstanding amounts the lender is to consider the extension in tenor of loan as per request letter dated 05 June 2023 on the expiry of deferment period.

- 8.2 As part of restructuring arrangements, this loan has been merged with other term loan extended by the same financial institution refer note 8.1.
- 8.3 This represents the outstanding balance of term finance loan of Rs. 3,000 million carrying markup of 3-month KIBOR plus 0.75% [2022: 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 [2022: Rs. 4,000 million] and Equitable mortgage and hypothecation charge on fixed assets of Pearl Continental Hotel Multan to the extent of Rs. 2,983 million [2022: Nil] and Rs. 1,127 million respectively. During the year the Parent Company approached to the financial institution for restructuring and deferment of payments including unpaid amounts on March 2023 and June 2023 along with the payment becoming due in September 2023 till December 2023, In principle approval for restructuring of facility was shared by the financial institution in form of facility offer letter [FOL] dated June 27, 2023 and formal restructuring documentation was executed subsequent to reporting date i.e. June 30, 2023, consequently the facility stands classified to current as of reporting date. The deferred amounts of three quarters are due for payment in December 2023, upon settlement of these amounts, the lender is to consider the extension in tenor of loan as per request letter dated 05 June 2023 on the expiry of deferment period.
- 8.4 This represents the outstanding balance of term finance loan of Rs. 2,000 million carrying markup of 6-month KIBOR plus 0.65% [2022: 6-month KIBOR plus 0.65%] per annum payable semi-annually. This facility is secured against first pari passu charge over Pearl Continental Hotel, Rawalpindi to the extent of Rs. 3,464 million. During the year the Parent Company approached to the financial institution for restructuring and deferment of payments including unpaid amounts on May 2023 along with the payment becoming due in November 2023 till December 2023, In principle approval for restructuring of facility was shared by the financial institution in form of facility offer letter [FOL] dated June 27, 2023 and formal restructuring documentation was signed subsequent to reporting date i.e. June 30, 2023, consequently the facility stands classified to current as of reporting date. The deferred amounts of two semi annual periods are due for payment in December 2023, upon settlement of these amounts, the lender is to consider the extension in tenor of loan as per request letter dated 05 June 2023 on the expiry of deferment period.
- 8.5 This represents sale and lease back facility availed by the Parent Company from an Islamic financial institution. The facility carries markup of 3-month KIBOR plus 1% to 1.5% [2022: Nil] per annum payable monthly. The facility is secured by way of charge on specific machinery and equipment to the extent of Rs. 430 million [2022:Nil].
- 8.6 This represents outstanding balance of rated, secured, long term privately placed Sukuk certificates. Pak Brunei Investment Company Limited is the trustee while Faysal Bank Limited is acting as shariah structuring advisor for this Sukuk arrangement. The Sukuk tenor is six years, and carries profit of 03-month KIBOR plus 1% [2022: 3-month KIBOR plus 1%] per annum payable quarterly. 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 Parent Company approached to Sukuk holders for restructuring and deferment of payments including unpaid amounts on March 2023 and June 2023, the Sukuk holders has approved the

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

restructuring and deferred the unpaid amounts along with payment due in September 2023 quarter till December 2023, all these outstanding amounts are due for payments in December 2023, upon settlement of these outstanding amounts the lender is to consider the extension in tenor of loan as per requested letter dated 12 May 2023 on the expiry of deferment period.

This Sukuk arrangement contains certain covenants for which the Parent Company secured waiver for compliance post to reporting date that is 30 June 2023, in compliance of relevant reporting standard, the total outstanding amount of sukuk facility has been classified to current as of reporting date.

- 8.7 This represents 2.790 million convertible, cumulative, redeemable and privately placed preference shares [the preference shares] of Rs. 100 each amounting to Rs. 279 million under the Share Subscription Agreement [the agreement] issued by the subsidiary company under financing arrangement has issued . Each holder of the preference shares shall have the right to receive dividends at a fixed rate of 15% per annum, on a cumulative basis. The dividend is payable subject to the profitability of the subsidiary company. The right of dividend shall terminate and cease automatically upon either full conversion or redemption of preference shares. Preference shares will be convertible only at the option of the investor, into ordinary shares of the subsidiary company after expiry of 5th year from the issue date. This financing arrangement is secured by hypothecation over all the subsidiary company's present and future fixed and current assets [excluding land and building] and corporate guarantee issued by the Parent Company amounting to Rs. 630 million [2022: Rs. 630 million]. This financing facility is also secured by assigning all the patent rights and receivables of the subsidiary company.
- 8.8 During the period, the Group entered into a long-term finance agreement amounting to Rs. 70 million and Rs. 20 million. The loan is repayable in eight equal quarterly installments with grace period of one year. The facility carries markup of 3-months KIBOR plus 2.75% per annum payable quarterly. Repayments of the facility will commence from January 2024. This long-term financing facility is secured by way of first pari passu hypothecation charge on all present and future current & fixed / tangible & intangible / movable & immovable assets, licenses, rights, intellectual rights / properties / patents / of a subsidiary company and pledge shares equivalent to the facility amount with 50% margin and personal guarantee of a Director of the Parent Company and Director of a subsidiary company.
- 8.9 Under the terms of restructuring arrangements, the Parent Company's non-core property situated at Civil Line Quarters, Karachi will be disposed off, and further the Parent Company will partially disinvest from its wholly owned subsidiary, all these proceeds will be utilized to repay the deferred payments due in December 2023. Further all these restructuring arrangements are supported with sponsor support agreements. The Parent Company will not pay any dividend, and repay subordinated related party loans during the tenor of the facilities. Further, all existing and future related party loans shall be subordinated till satisfaction of all existing term loan facilities.
- 8.9.1 The Parent Company is to comply with certain covenants contained in finance agreements against which the Parent Company secured waiver post to reporting date besides signing of certain restructuring agreements beyond June 30, 2023, had these waiver and execution of documentation were in place as of reporting date i.e. 30 June 2023, the current maturity of loans and sukuk facility would have been as follows:

	2023	2022
	[Rupees'000]	
Current portion	4,037,993	3,971,901

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

9	LEASE LIABILITIES	Note	2023	2022
			[Rupees'000]	
	Lease liabilities - Vehicles	9.1	109,514	82,464
	Lease liabilities - Land and rental spaces		290,556	283,780
		9.2	400,070	366,244
	Payable against advance for capital expenditure		-	71,073
			400,070	437,317
	<b>Current portion</b>		<b>151,161</b>	<b>135,726</b>
	<b>Non current portion</b>		<b>248,909</b>	<b>301,591</b>
9.1	This represents outstanding balance of lease facilities availed from financial institutions and carries mark-up of 3-month KIBOR plus 0.9% to 1.5% [2022: 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 as follows		2023	2022
			[Rupees'000]	
	Not later than one year		183,624	179,569
	Later than one year and not later than five years		248,749	277,690
	Later than five year		410,105	435,083
			842,478	892,342
	Imputed interest		[442,408]	[455,025]
			400,070	437,317
9.3	Movement of lease liabilities is as follows:			
	Balance as at 01 July		366,244	239,657
	Interest expense		60,001	27,537
	Additions		83,286	259,512
	Payments		[180,534]	[160,462]
	Transfer from Advance for Capex to Lease liability		71,073	-
			400,070	366,244
9.4	The Group has recognised lease rentals in the consolidated statement of profit or loss amounting to Rs. 34.34 million [2022: Rs. 19.33 million] relating to short term leases.			
9.5	The Group has recognised variable lease consideration of Rs. 0.910 million [2022: Nil] in the statement of profit or loss.			
9.6	The current payable amount to related party is Rs. 7.6 million [2022: Rs. 3.60 million.]			
10	EMPLOYEE BENEFITS	Note	2023	2022
			[Rupees'000]	
	Net defined benefit liability - gratuity	10.1.1	895,983	816,984
	Net defined benefit liability - compensated leave absences	10.2.1	146,962	128,315
			1,042,945	945,299
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	2023	2022
			[Rupees'000]	
	Present value of defined benefit obligation		816,984	610,595
	Included in consolidated statement of profit or loss	10.1.3	157,269	150,866
	Benefits paid		[57,894]	[35,244]
	Benefits due but not paid		[16,206]	[26,623]
	Included in consolidated statement of comprehensive income	10.1.4	[4,170]	117,390
	Balance at 30 June		895,983	816,984



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	[Rupees'000]	
<b>10.1.2</b>	<b>Reconciliation of liability recognised in the consolidated statement of financial position</b>	
	895,983	816,984
	895,983	816,984
<b>10.1.3</b>	<b>Included in consolidated statement of profit or loss</b>	
	60,474	77,790
	96,795	57,147
	-	16,279
	-	[350]
	157,269	150,866
<b>10.1.3.1</b>	<b>Expense is recognized in the following line items in consolidated statement of profit or loss</b>	
	97,203	106,846
	60,066	44,020
	157,269	150,866
<b>10.1.4</b>	<b>Included in consolidated statement of comprehensive income</b>	
	[28,592]	2,206
	24,422	115,184
	[4,170]	117,390
<b>10.1.5</b>	<b>Actuarial assumptions</b>	

The latest actuarial valuation was carried out on 30 June 2023 using projected unit credit method with the following key assumptions:

Significant assumptions	Note	2023	2022
Discount rate		16.25%	13.25%
Expected increase in eligible salary		12% - 15.25%	13.25%
Other assumptions			
Mortality rate	10.1.5.1	SLIC 2001-2005	SLIC 2001-2005
Withdrawal rate		Age - based	Age - based
Retirement assumption		Age-60	Age-60

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

### 10.1.6 Sensitivity analysis of significant assumption

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

	2023		2022	
	Increase	Decrease	Increase	Decrease
	[Rupees'000]		[Rupees'000]	
Discount rate	806,308	896,020	722,971	811,621
Salary increase rate	896,591	805,038	811,898	721,963

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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

10.1.6.2 The Group's expected charge for the defined benefit liability - gratuity for the next year is Rs. 201.70 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	2023	2022
	[Rupees '000]	
FY 2023	-	32,569
FY 2024	51,542	77,957
FY 2025	103,483	106,769
FY 2026	104,472	106,690
FY 2027	134,262	123,228
FY 2028	133,673	120,099
FY 2029	325,658	271,796
FY 2030	251,555	207,259
FY 2031	279,584	233,666
FY 2032	192,863	151,475
FY 2033	293,308	-
FY 2033/2032 onward	-	2,477,143
FY 2034/2033 onward	3,539,213	-

10.2 Net defined benefit liability - compensated leave absences

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

		2023	2022
		[Rupees'000]	
10.2.1	Movement in defined benefit liability - compensated leave absences	Note	
	Balance at 01 July		104,566
	Included in consolidated statement of profit or loss	10.2.3	43,917
	Payments made during the year		[18,262]
	Benefits due but not paid		[1,906]
	Balance at 30 June		128,315

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
		[Rupees'000]	
10.2.2	Reconciliation of liability recognised in the consolidated statement of financial position		
	Present value of defined benefit liability	146,962	128,315
10.2.3	Included in consolidated statement of profit or loss		
	Current service cost	31,135	28,094
	Interest cost	14,724	9,384
	Experience adjustments on defined benefit liability	4,415	6,324
	Plan settlement	-	115
		50,274	43,917
10.2.3.1	Expense is recognized in the following line items in consolidated statement of profit or loss		
	Cost of sales and services	19,658	20,227
	Administrative expenses	30,616	23,690
		50,274	43,917
10.2.4	Actuarial assumption		
	Significant assumptions		
	Discount rate	16.25%	13.25%
	Expected increase in eligible salary	12% - 15.25%	13.25%
	Mortality rate	10.2.4.1 SLIC 2001-2005	SLIC 2001-2005
	Other assumptions		
	Withdrawal rate	Age - based	Age - based
	Retirement assumption	Age-60	Age-60
10.2.4.1	Assumption regarding future mortality has been based on State Life Corporation (SLIC 2001-2005), ultimate mortality rate with 1 year setback as per recommendation of Pakistan Society of Actuaries (PSOA).		
10.2.5	Sensitivity analysis		

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

	2023		2022	
	Increase	Decrease	Increase	Decrease
	[Rupees'000]		[Rupees'000]	
Discount rate	135,746	156,436	121,009	139,923
Salary increase rate	156,160	135,832	139,609	121,139

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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

10.2.6 Risk associated with defined benefit liability- compensated leave absences

10.2.6.1 Salary risk- [linked to inflation risk]

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

10.2.6.2 Demographic risks

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

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

11	OTHER LIABILITIES	2023	2022
		[Rupees'000]	
	Other liabilities	141,960	-
	Current portion	-	-
	Non- current portion	141,960	-

11.1 This represents advance amount received under long term room management arrangement on time sharing basis with a separate understanding for management of the room under an agreed rate of annual profit sharing, this advance amount is refundable upon completion of arrangement with 40% margin, further the company will also provide complimentary nights under the arrangement, initially the liability is carried at its fair value and subsequent to initial recognition this is being carried at its amortized cost.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 12 DEFERRED TAX LIABILITY

	Net balance at 01 July 2022	Impact of change in accounting policy	Recognized in		Net balance at 30 June 2023
			Profit or loss (Note 38)	Other comprehensive income	
2023					
(Rupees'000)					
<b>Taxable temporary differences</b>					
Accelerated depreciation for tax purposes	705,859	-	253,644	-	959,503
Exchange translation reserve	475,514	-	-	286,547	762,061
Unrealized gain on fair value change of long term investment	16,338	-	-	4,699	21,037
<b>Deductible temporary differences</b>					
Net defined benefit liability - gratuity	228,021	-	(110,210)	1,737	336,494
Net defined benefit liability - vacation pay	36,968	-	(19,687)	-	56,655
Impairment loss on trade debts	143,067	-	7,286	-	135,781
Unadjusted depreciation losses	446,878	-	(44,575)	-	491,453
Share in profit of equity accounted investments	38,795	-	25,203	-	13,592
Provision for obsolescence - inventory	1,096	-	(354)	-	1,450
Short term investment	1,740	-	1,467	-	273
Long term investment	(463)	-	51,327	-	(51,790)
Lease liability	97,198	-	(28,488)	-	125,686
	993,300	-	(118,031)	1,737	1,109,594
	204,411	-	135,613	292,983	633,007
2022					
(Rupees'000)					
<b>Taxable temporary differences</b>					
Property, plant and equipment	777,749	-	(71,890)	-	705,859
Exchange translation reserve	304,660	-	-	170,854	475,514
Unrealized gain on investment in associate	-	-	-	16,338	16,338
<b>Deductible temporary differences</b>					
Net defined benefit liability - gratuity	177,073	-	(16,905)	(34,043)	228,021
Net defined benefit liability - vacation pay	30,324	-	(6,644)	-	36,968
Impairment loss on trade debts	85,040	(6,035)	(51,992)	143,067	446,878
Unadjusted depreciation losses	446,878	-	-	-	446,878
Share in loss of equity accounted investments	38,795	-	-	-	38,795
Provision for obsolescence - inventory	1,096	-	-	-	1,096
Short term investment	1,740	-	-	-	1,740
Long term investment	-	-	463	-	(463)
Lease liability	69,500	(27,698)	-	97,198	993,300
	850,445	(6,035)	(102,776)	(34,043)	993,300
	231,964	(6,035)	(174,666)	153,149	204,411

### 13 SHORT TERM BORROWINGS - secured

	Note	2023	2022
		(Rupees'000)	
Running finance facilities - from banking companies- secured	13.1	1,531,622	2,176,245
Short term loan - unsecured	13.2	963,934	806,467
Mark-up accrued		81,404	64,895
		2,576,960	3,047,607

13.1 These facilities are obtained from various commercial banks with an aggregate limit of Rs. 1,830 million (2022: Rs. 2,330 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

Rawalpindi and lien on certain listed securities held by the Parent Company. These facilities carry mark-up rates ranging from 1-month KIBOR to 3-month KIBOR plus 0.6% to 1.5% [2022: 1-month KIBOR to 3-month KIBOR plus 0.6% to 1.5%] per annum.

13.2 This includes loan from directors Rs. 696.90 million [2022: Rs. 539.44 million] and from related parties Rs. 267.02 million [2022: Rs. 267.03] million. This is unsecured, payable on demand and does not carry interest.

13.3 The Group has unutilised running finance facilities aggregating to Rs. 300 million [2022: Rs. 153.76 million] at the year end.

14	TRADE AND OTHER PAYABLES	Note	2023 (Rupees'000)	2022
	Creditors		1,834,296	1,100,660
	Accrued liabilities		850,675	620,803
	Shop deposits	14.1	50,795	53,575
	Retention money		149,167	170,161
	Due to related parties - unsecured		62,471	35,346
	Sales tax payable		218,507	222,063
	Income tax deducted at source		76,466	42,760
	Un-earned income		37,700	58,409
	Payable to provident fund		7,877	7,877
	Other liabilities	14.2	419,477	532,152
			<b>3,707,432</b>	<b>2,843,806</b>

14.1 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.

14.2 This includes amount of Rs. 20.71 million [2022: Rs. 22.47 million] payable to director of the Parent Company and Rs. 102.5 million [2022: Rs. 125 million] payable on behalf of a subsidiary.

### 15 UNPAID DIVIDEND

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

### 16 CONTINGENCIES AND COMMITMENTS

#### 16.1 Contingencies

16.1.1 For tax related contingencies please refer note 40.3.

#### 16.2 Guarantees

Guarantees issued by banks on behalf of the Group

	2023 (Rupees'000)	2022
	330,336	403,416

16.2.1 This also includes guarantee of Rs.7 million on behalf of wholly owned subsidiary company.

16.2.2 The Group has issued corporate guarantee of Rs. 630 million [2022: 630 million] to financial institution on behalf of its Pak Vitae (Private) Limited, a subsidiary company of the Company's subsidiary.

#### 16.3 Commitments

Commitments for capital expenditure

	2023 (Rupees'000)	2022
	2,915,776	2,816,748

### 17 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

Capital work in progress

17.1	42,705,243	45,964,339
17.2	3,871,370	3,730,842
	<b>46,576,613</b>	<b>49,695,181</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

## 17.1 OPERATING FIXED ASSETS

## 17.1.1 Reconciliation of carrying amount

Cost / Revalued amounts	Owned										Right of use asset		Total
	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture, fixtures, fittings and office equipment	Computers	Vehicles	Land and rental spaces	Vehicles			
	Rupees 000												
Balance at 01 July 2021	13,252,479	14,722,910	2,712,236	2,566,390	5,302,090	4,090,242	830,416	357,653	312,152	210,068	44,358,636		
Additions	-	-	-	-	49,693	15,401	8,898	1,121	203,563	68,445	341,121		
Disposals	(168,495)	-	(50,509)	(18,456)	(1,365)	-	(868)	(48,324)	-	(4,379)	(292,536)		
Lease termination	-	-	-	-	-	-	-	32,323	(194,026)	(32,323)	(194,026)		
Transfer from CWIP	-	-	156,925	312,503	332,789	111,661	4,423	-	-	-	918,501		
Revaluation surplus	5,583,736	4,547,520	-	-	-	-	-	-	-	-	10,131,256		
Transfer from non-current asset held for sale (refer note - 28)	2,620,000	-	128,739	-	-	-	-	-	-	-	2,748,739		
Transfer to non-current asset held for sale	-	(2,570,000)	-	(398,779)	(245,574)	(281,139)	(471,03)	(2,028)	-	-	(3,544,623)		
Balance at 30 June 2022	21,287,780	16,700,430	2,947,391	2,463,658	5,431,633	3,936,165	795,766	415,434	321,689	166,922	54,466,868		
Balance at 01 July 2022	21,287,780	16,700,430	2,947,391	2,463,658	5,431,633	3,936,165	795,766	415,434	321,689	166,922	54,466,868		
Additions	-	-	-	-	48,426	28,106	35,630	31,744	76,054	91,138	311,098		
Disposals	-	-	-	-	(7,906)	-	(2,454)	(98,535)	-	-	(106,895)		
Transfer	-	-	-	-	-	-	-	55,255	-	(55,255)	-		
Lease termination	-	-	-	-	-	-	-	-	(24,997)	-	(24,997)		
Transfer from CWIP	-	-	350,408	418,457	236,064	157,057	588	-	-	-	1,162,574		
Revaluation surplus	-	-	-	-	-	-	-	-	-	-	-		
Transfer from non-current asset held for sale (refer note - 28)	-	-	-	-	-	-	-	-	-	-	-		
Transfer to non-current asset held for sale	(3,660,000)	-	(128,799)	-	-	-	-	(3,989)	-	-	(3,792,128)		
Balance at 30 June 2023	17,627,780	16,700,430	3,169,060	2,882,115	5,709,217	4,121,328	829,530	400,509	372,746	202,805	52,014,520		
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-		
Balance at 01 July 2021	-	-	909,967	1,015,704	3,253,565	2,018,936	580,495	187,819	173,116	77,047	8,216,649		
Depreciation (refer note -16.1.6)	-	-	110,250	76,515	299,983	297,513	67,986	22,364	76,483	25,281	976,375		
Disposals	-	-	(38,761)	(7,233)	(673)	-	(590)	(17,159)	-	(1,985)	(66,401)		
Lease termination	-	-	-	-	-	-	-	9,161	(1,94,026)	(9,161)	(194,026)		
Transfer	-	-	-	-	-	-	-	31,782	-	(31,782)	-		
Transfer to non-current asset held for sale	-	-	-	(114,696)	(130,121)	(148,234)	(35,540)	(1,478)	-	-	(430,069)		
Balance at 30 June 2022	-	-	981,456	970,290	3,422,754	2,168,215	612,351	232,489	55,573	59,400	8,502,528		
Balance at 01 July 2022	-	-	981,456	970,290	3,422,754	2,168,215	612,351	232,489	55,573	59,400	8,502,528		
Depreciation (refer note -16.1.6)	-	-	104,133	89,181	288,862	257,728	53,002	22,087	86,734	26,956	922,689		
Transfer to CWIP	-	-	-	-	-	-	-	-	1,154	-	1,154		
Disposals	-	-	-	-	(7,267)	-	(1,545)	(59,499)	-	-	(66,311)		
Transfer	-	-	-	-	-	-	-	21,909	(24,997)	(21,909)	-		
Lease termination	-	-	-	-	-	-	-	-	-	-	-		
Transfer to non-current asset held for sale	-	-	(22,497)	-	-	-	-	(1,284)	-	-	(23,781)		
Balance at 30 June 2023	-	-	1,063,092	1,053,471	3,704,349	2,425,943	663,808	215,702	118,464	64,447	9,309,276		
Carrying amount - 30 June 2022	21,287,780	16,700,430	1,965,935	1,493,368	2,008,879	1,767,950	183,415	182,945	266,116	107,522	45,964,339		
Carrying amount - 30 June 2023	17,627,780	16,700,430	2,105,968	1,828,644	2,003,868	1,695,385	165,722	184,807	254,282	138,358	42,705,243		
Rates of depreciation per month/useful life (2023 and 2022)	-	-	5%	5%	15%	15%	30%	15%	1.5 - 40 years	15%	15%		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

17.1.2 The operating fixed assets are secured against various loan availed by the Parent Company. Refer note 8 and 13.

### 17.1.3 Revaluation surplus on property, plant and equipment

Freehold and leasehold land were revalued on 30 June 2023 by an independent valuer, based on market value basis by assessing and enquiring values of similar location in the vicinity. The fair value when determined falls under level 3 hierarchy. Sensitivity analysis has not been presented since data about observable inputs is not available.

Had the aforementioned revaluation not carried out, the book value of freehold and leasehold land would have been Rs. 244.34 million [2022: Rs. 1,633.43 million].

17.1.4 The forced sale value of the revalued land has been assessed at Rs. 30,338 million [2022: Rs. 30,338 million].

17.1.5 Particulars of business units and immovable fixed assets [i.e. land and building] of the Parent Company are as follows:

Location	Address	Particular	Land area [Sq. yards]
Karachi	Plot No. 11, CL 11, Club Road - hotel property	Land and building	23,255
Karachi	Civil Line Quarters, Abdullah Haroon Road [refer note 17.1.7]	Land and building	13,101
Lahore	Upper Mall - hotel property	Land and building	74,440
Lahore	Defence Housing Authority [ refer note 17.1.8]	Building	
Rawalpindi	Property No.253, Survey No. 559, The Mall Road - hotel property	Land and building	26,668
Multan	Askari By-Pass Road, Mouza Abdul Fateh - hotel property	Land and under Construction building	8,303
Hunza	Mominabad	Land	24,107
Gilgit	Airport Road	Land	16,375
Chitral	Zargarandeh	Land	11,464
Bhurban	Compartment No. 08, at Bhurban Tehsil, Murree - hotel property	Building	-
Muzaffarabad	Upper Chattar, Muzaffarabad. - hotel property	Building	-
Mirpur	Village Barban Tehsil & District, Mirpur - hotel property	Under construction building	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

17.1.6	Depreciation charge has been allocated as follows:	Note	2023	2022
			[Rupees'000]	
	Cost of sales and services	34	747,212	805,517
	Administrative expenses	36	175,471	170,858
			<b>922,683</b>	<b>976,375</b>

17.1.7 The Parent Company purchased this property from an associated company, the possession of the property has been transferred to the Parent 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 original cost of this property was Rs. 1,539.34 million. The property has been classified as non-current assets held for sale [ refer note # 29.1] and carrying amount of this property at the time of reclassification was Rs. 3,766 million.

17.1.8 The Parent Company constructed building for spa and saloon facility under an agreement of absolute transfer and assignment agreement with Nirvana, a partnership firm - a related party . As per the term of the said agreement Nirvana will use two floors of this building. Since completion certificate from Defence Housing Authority Lahore [DHAL] has not been obtained yet, therefore the transfer of title of the property is pending. The carrying value of this building is Rs. 112.29 million.

### 17.1.9 Detail of disposal of operating fixed assets:

Description	Cost	Carrying value	Sale proceeds	Gain/ [Loss]	Mode of disposal	Purchaser	Relationship with purchaser
	[Rupees'000]						
<b>Operating fixed assets</b>							
Plant & Machinery	7,906	639	3,500	2,861	Negotiation	Imran & Company	
Vehicle	11,503	1,121	1,121	-	Negotiation	Hashwani Hotels Limited	Related Party
Vehicle	1,900	788	788	-	Negotiation	Mr. Humayun Mehboob	
Vehicle	1,516	872	872	-	Company Policy	Adil Mukhtar	Employee
Vehicle	22,494	7,343	22,700	15,357	Auction	M/S Car Ambassador	
Vehicle	1,566	878	878	-	Company Policy	Shafqat Hussain	Employee
Vehicle	699	690	699	9	Company Policy	Raza Zaidi	Employee
Vehicle	647	623	1,662	1,039	Company Policy	Umar Ahmed	Employee
Vehicle	721	694	2,043	1,349	Company Policy	Saadat Mehboob	Employee
Vehicle	7,086	3,826	3,826	-	Negotiation	Hashwani Hotels Limited	Related Party
Vehicle	1,003	723	899	176	Company Policy	Sarfraz Ahmad	Employee
Vehicle	3,982	2,500	2,500	-	Company Policy	Nadeem Riaz Choudhry	Employee
Vehicle	739	526	2,420	1,894	Auction	Shahab Qazi	
Vehicle	1,087	755	960	206	Company Policy	Muddassar Shahzad	Employee
Vehicle	1,680	1,152	1,458	306	Company Policy	Shahbaz Sultan	Employee
Vehicle	1,403	962	1,134	172	Company Policy	Amad Rafique	Employee
Vehicle	789	534	869	335	Company Policy	Amir Ayub	Employee
Vehicle	3,722	2,279	2,279	-	Negotiation	Hashwani Hotels Limited	Related Party
Vehicle	796	519	2,032	1,513	Company Policy	Muhammad Jawad	Employee
Vehicle	969	616	1,076	460	Company Policy	Muhammad Arif	Employee
Vehicle	1,053	670	1,460	790	Company Policy	Muhammad Amir	Employee
Vehicle	2,502	662	1,818	1,156	Negotiation	Malik Lakhani	
Vehicle	2,184	533	2,182	1,649	Negotiation	Shahwaiz sajid	
Vehicle	1,772	530	2,016	1,486	Negotiation	Muhammad Younus Khan	
Vehicle	1,772	530	2,050	1,520	Negotiation	Muhammad Younus Khan	
Vehicle	1,772	530	2,011	1,481	Negotiation	Muhammad jaffer	
Vehicle	1,772	530	2,015	1,485	Negotiation	Muhammad Younus Khan	
Vehicle	1,807	739	1,515	776	Negotiation	Muhammad Younus Khan	
Vehicle	1,772	530	2,261	1,731	Negotiation	Abdul Rashid	
Vehicle	1,772	530	2,228	1,698	Negotiation	Shahwaiz sajid	
Vehicle	1,772	530	1,510	980	Negotiation	Muhammad Younus Khan	
Vehicle	1,772	530	2,266	1,736	Negotiation	Abdul Rashid	
Vehicle	4,999	1,317	1,317	-	Negotiation	Mrs. Afroza	
Aggregate of other items with individual book values not exceeding Rs. 500,000	9,967	4,381	15,007	10,626			
<b>2023</b>	<b>108,895</b>	<b>40,584</b>	<b>93,369</b>	<b>52,785</b>			
<b>2022</b>	<b>292,536</b>	<b>226,136</b>	<b>223,593</b>	<b>(2,543)</b>			

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

17.2	Capital work in progress	Note	2023	2022
			[Rupees'000]	
	Balance at 01 July		3,730,842	3,679,837
	Additions during the year		1,345,749	969,306
	Transfers to operating fixed assets		(1,162,574)	(918,301)
	Transfers to asset held for sale		(42,647)	-
	Balance at 30 June	17.2.1	3,871,370	3,730,842
17.2.1	Construction of Pearl Continental Hotel Mirpur	17.2.2	3,654,757	3,661,460
	Other civil works		216,613	69,382
			3,871,370	3,730,842

17.2.2 This also includes capitalized borrowing cost amounting to Rs. 507.46 million [2022: Rs. 507.46 million]. During the year no borrowing is capitalized.

18	ADVANCES FOR CAPITAL EXPENDITURE	Note	2023	2022
			[Rupees'000]	
	Advance for purchase of land	18.1	668,820	666,820
	Advance for purchase of Malir Delta Land	18.2	381,656	381,656
	Impairment loss		(40,000)	(40,000)
			1,010,476	1,008,476
	Advance for purchase of apartment		40,509	40,509
	Impairment loss		(40,509)	(40,509)
			-	-
	Advance for purchase of fixed assets		45,803	34,183
	Advances for Pearl Continental Mirpur Project		133,215	79,026
			179,018	113,209
	Advance for vehicles under lease arrangements		-	81,480
			1,189,494	1,203,165

18.1 This includes amount of Rs. 626.82 million [30 June 2022: Rs. 626.82 million] paid to a related party, Associated Builders [Private] Limited, for purchase of tourist site piece[s] of land measuring 7.29 acres in Gwadar, in previous years, the Securities and Exchange Commission of Pakistan [SECP] has imposed penalty on the Parent Company's directors under the provisions of section 199 of the Companies Act, 2017 by treating this advance as 'investment in associated company' and also directed the Company to place the matter before the shareholders of the Company in the general meeting and seek their approval in terms of section 199 of the Companies Act, 2017. The directors of the Parent Company has filed an appeal in the Honourable Islamabad High Court against the order of SECP. Simultaneously, without prejudice to the right of the Appellants, the management and Board have complied with the directions of SECP in this regard.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

18.1.1 During the year the Parent Company paid advance of Rs. 2 million [2022: Nil] for purchase of land.

18.2 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.

19	INTANGIBLE ASSETS	Note	2023	2022
			[Rupees'000]	
	Project under development		586,394	499,103
	Software		91,453	213,329
			<b>677,847</b>	<b>712,432</b>
19.1	<b>Cost</b>			
	Opening balance		712,432	284,713
	Additions : Project under development	19.2	23,520	16,438
	Additions : Project under development	19.3	40,024	305,929
	Additions : Software		-	92,202
	Additions : Software		13,486	13,150
	Closing balance		<b>789,462</b>	<b>712,432</b>
	<b>Accumulated amortisation</b>			
	Opening balance		77,320	32,393
	Amortisation charge		34,295	44,927
	Closing balance		<b>111,615</b>	<b>77,320</b>
	<b>Net book value</b>			
	Cost		789,462	712,432
	Accumulated amortisation		111,615	77,320
	Closing balance		<b>677,847</b>	<b>635,112</b>
	<b>Amortisation rate per annum</b>			
	Project under development		5% to 10%	5%
	Software		30%	30%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

19.2 This represents development cost incurred by the subsidiary company in relation to the development of Estoterik Resistive Hollow Fiber Membrane (ERM) Technology.

19.3 This represents development cost incurred by the subsidiary company in relation to the development of product namely "Foree".

This represents purchase of software by subsidiary company.

20	INVESTMENT PROPERTY	Note	2023	2022
			[Rupees'000]	
20.1	Reconciliation of carrying amount			
	Balance at 01 July		80,000	70,000
	Increase in fair value	20.2	-	10,000
	Balance at 30 June	20.1.1	80,000	80,000

20.1.1 This represents piece of land, located at Gwadar, owned by the Parent Company held for capital appreciation. On 30 June 2023, 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 after making relevant inquiries. The valuer holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Particulars of Investment Property and Forced sale value are as follows:

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

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

20.3 Measurement of fair values

20.3.1 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

## FOR THE YEAR ENDED 30 JUNE 2023

	Country of incorporation / Jurisdiction	Amount in Foreign Currency	Percentage of holding	Note	2023 [Rupees'000]	2022
<b>21</b>	<b>LONG TERM INVESTMENTS</b>					
	<b>Associated undertaking - unquoted</b>					
	Hashoo Group Limited	British Virgin Island	\$9,800,000	14%	21.1	-
	Hotel One (Private) Limited	Pakistan		17.85%	21.2	-
	<b>Associated undertaking - quoted</b>					
	Jubilee General Insurance Company Limited - an associated company	Pakistan	-	7.6%	21.3 & 21.3.1	414,058
	Associated undertaking - unquoted Zaver Petroleum Corporation (Private) Limited	Pakistan	-	11.26%	21.3.1.2	-
						662,003
						414,058
						1,130,265
	<b>Investment in jointly controlled entity - unquoted</b>					
	Pearl Continental Hotels Limited	United Arab Emirates	\$4,750,000	50%	21.4	-
	<b>Other investments</b>					
	<b>Fair value through other comprehensive income - unquoted company</b>					
	Malam Jabba Resorts Limited					1,000
	Impairment loss					(1,000)
	Investment in unquoted company			21.6	689,718	-
					689,718	-
					1,103,776	1,130,265

### 21.1 Hashoo Group Limited

The Parent Company holds 98,000 [2022: 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

### 21.2 Hotel One (Private) Limited

The Parent Company holds 500,000 [2022: 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.

### 21.3 Jubilee General Insurance Company Limited

The Parent Company holds 15,056,661 [2022: 15,056,061] ordinary shares of Rs.10 each in Jubilee General Insurance Company Limited (JGIL). JGIL is treated as an 'associate' due to the Parent Company's significant influence over it due to common directorship. Carrying value of Jubilee General Insurance is restricted to the extent of fair value of investment. Out of total shares held by the Group, 15,000,000 [2022: 15,000,000] ordinary shares are placed / lien marked as security against running finance facility of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

21.3.1 Investment in Associated Undertakings		2023	2022
		(Rupees'000)	
Cost of investment		2,084,082	1,534,082
Addition		-	550,000
Disinvestment	21.3.1.2	(662,004)	-
		1,422,078	2,084,082
Share of equity brought forward		2,376,837	1,744,331
Share of profit for the year - net		158,030	109,866
Excess of Groups 'share in net assets at acquisition		-	108,919
Share of surplus on remeasurement of FVOCI for the year		(28,053)	(21,164)
Share of experience adjustments on defined benefit obligation of associate		(83)	1,166
Share of exchange translation reserve for the year		826,658	493,946
Dividend received		(60,227)	(60,227)
		896,325	632,506
		3,273,162	2,376,837
Impairment losses			
Opening balance		(3,330,654)	(2,645,280)
Loss recognised during the year		(950,528)	(685,374)
		(4,281,182)	(3,330,654)
		414,058	1,130,266

21.3.1.2 This represents 7,882,500 [2022: 7,882,500] number of ordinary shares representing 11.26% [2022: 11.26%] shareholding in Zaver Petroleum Corporation (Private) Limited [ZPCPL], a private limited company incorporated in Pakistan. The investment was made during the previous year and the Company had previously accounted for the investment by applying equity accounting method owing to Company's significant influence over ZPCPL during the previous year. During the year, management re-assessed the existence of significant influence over ZPCPL and concluded that the Company ceases to have significant influence due to restructuring and reorganization of governance and ownership at group level. Accordingly, the investment has been re-classified as measured at fair value through other comprehensive income. [FVOCI]

21.3.1 Summarised financial information of associate and group share is as follows:

	Hashoo Group Limited		Hotel One (Pvt) Limited		Jubilee General Insurance		Zaver Petroleum	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees'000)							
Non current assets	21,231,598	15,230,114	278,142	239,247	17,647,356	15,825,841	-	4,016,141
Current assets	291,210	211,463	327,663	342,975	20,730,801	15,361,256	-	5,969,768
Non current liabilities	-	-	-	54,793	16,377,411	12,530,663	-	988,903
Current liabilities	711,249	510,346	273,851	258,026	11,327,380	8,862,815	-	3,117,754
Net assets	20,811,559	14,931,231	331,954	269,403	10,673,366	9,793,619	-	5,879,252
Group share in net assets	2,913,618	2,090,372	59,254	48,088	809,575	742,846	-	662,003
Impairment	(2,904,892)	(2,086,534)	(81,858)	(70,615)	(1,312,052)	(1,191,119)	-	-
Other adjustments	(8,726)	(3,838)	22,604	22,527	9,826	9,826	-	-
Goodwill	-	-	-	-	709,299	709,299	-	-
Impact of policy alignment	-	-	-	-	193,493	193,493	-	-
Carrying amount of interest in associate	-	-	-	-	3,917	3,917	-	-
	-	-	-	-	414,058	468,262	-	662,003
Revenues	-	-	660,413	547,601	9,427,452	7,075,008	-	71,503
Expenses	37,823	34,732	(635,277)	(487,936)	(7,340,478)	(5,743,511)	-	27,392
Profit / [loss]	37,823	34,732	25,136	59,665	2,086,974	1,331,497	-	98,895
Group share of profit / [loss]	(5,295)	(4,862)	4,487	10,650	158,297	100,994	-	3,084

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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 2023.

### 21.4 Pearl Continental Hotels Limited

"The Parent Company holds 95 [2022: 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	Karachi Marriott Hotel, 9 Abdullah Haroon Road, Civil Lines

21.4.1 Investment in jointly controlled entity	2023	2022
	[Rupees'000]	
Cost of investment	284,052	284,052
Post acquisition loss brought forward	123,382	30,782
Share of loss for the year	[3,029]	[2,606]
Share of exchange translation reserve for the year	161,436	95,206
	158,407	92,600
	281,789	123,382
	565,841	407,434
<b>Impairment losses</b>		
Opening balance	[407,434]	[314,834]
[Loss] / reversal recognised during the year	[158,407]	[92,600]
	[565,841]	[407,434]
	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

21.4.2 Summarised financial information of jointly controlled entity is as follows:	2023	2022
	[Rupees'000]	
Current assets	1,248,283	895,359
Current liabilities	109,895	73,785
Net assets	1,138,388	821,574
Group share of net assets	569,194	410,787
Opening balance of Impairment	(407,434)	(314,833)
Impairment loss recognized during the year	(158,407)	(92,600)
Other adjustments	(3,354)	(3,354)
Carrying amount of interest in jointly controlled entity	-	-
Revenues	-	-
Expenses	(6,057)	(5,211)
Loss	(6,057)	(5,211)
Group share of loss	(3,029)	(2,606)

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 2023.

21.5 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.

21.6 This represents 7,882,500 [2022: 7,882,500] number of ordinary shares representing 11.26% [2022: 11.26%] shareholding in Zaver Petroleum Corporation (Private) Limited [ZPCPL], a private limited company incorporated in Pakistan. The investment was made during the previous year and the Company had previously accounted for the investment by applying equity accounting method owing to Company's significant influence over ZPCL during the previous year. During the year, management re-assessed the existence of significant influence over ZPCL and concluded that the Company ceases to have significant influence due to restructuring and reorganization of governance and ownership at group level. Accordingly, the investment has been re-classified as measured at fair value through other comprehensive income [FVOCI].

22 LONG TERM DEPOSITS	Note	2023	2022
		[Rupees'000]	
Deposits	22.1	50,026	52,518
		50,026	52,518

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

22.1.1 This includes amount of Rs. 0.803 million [2022: Rs. 2.82 million] of related parties.

23 ADVANCE AGAINST EQUITY INVESTMENT	2023	2022
	[Rupees'000]	
Foreepay (Private) Limited	-	-
Xoop Technologies (Private) Limited	248,278	248,278
Impairment allowance	(248,278)	(119,233)
	-	129,045
Home Shopping	116,124	116,124
Impairment allowance	(116,124)	(55,767)
	-	60,357
	-	189,402

23.1 During the year the Group provided impairment loss against these investments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

24	INVENTORIES	Note	2023	2022
			[Rupees'000]	
	Stores		263,348	195,678
	Spare parts and loose tools		74,303	65,438
	Stock in trade - food and beverages		186,720	150,527
			524,371	411,643
	Provision for obsolescence		[3,717]	[3,781]
			520,654	407,862
25	DEVELOPMENT PROPERTIES			
	Land	25.1	1,855,487	1,855,487
	Advances		150,000	-
			2,005,487	1,855,487

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

Location	Address	Particulars	Landarea [Acres]
Multan	Mouza Kotla Abdul Fateh, Tehsil Multan City	Land	0.87
Islamabad	Plot No 21, Street Apricot, Sector-A, Al Hamra Hills, Country Housing Scheme, Islamabad	Land	2.55
Lahore	Bungalow No S-42-R-15, 15-Race Course, Mouza Mozang, Tehsil Lahore	Land	2.09

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

26	TRADE DEBTS - Unsecured	Note	2023	2022
			(Rupees'000)	
	<b>Considered good</b>			
	Due from related parties	26.1	35,023	20,789
	Others		952,617	812,396
			987,640	833,185
	<b>Considered doubtful</b>			
			354,566	493,397
			1,342,206	1,326,582
	Provision against doubtful debts at 01 July		(493,397)	(314,114)
	(Allowance for) / reversal of impairment loss on trade debts		138,831	(179,283)
	Balance at 30 June	26.3	(354,566)	(493,397)
			987,640	833,185

26.1	Due from related parties	Maximum amount outstanding at the end of any month during the year (Rupees '000)		2023	2022
		2023	2022	(Rupees '000)	
	Hashwani Hotels Limited	32,191	15,367	16,534	14,651
	Hashoo Foundation	558	386	269	235
	Hashoo Hunar (Pvt) Ltd.	82	1,011	56	1,011
	Hashoo School of Hospitality Management (Pvt.) Limited	3	-	3	-
	Hotel One (Private) Limited	2,548	2,421	7,332	2,609
	Hashoo Holdings (Private) Limited	-	202	202	202
	Jubilee General Insurance Company Limited	4,536	87	80	45
	Orient Petroleum Inc.	147	544	150	222
	Foreepay (Private) Limited	17,191	-	9,784	-
	Pearl Real Estate Holdings (Private) Limited	120	211	110	120
	Tejari Pakistan (Private) Limited	2,849	1,645	503	1,645
	Zaver Petroleum Corporation Limited	10	49	-	49
			26.2	35,023	20,789
26.2	Age analysis of due from related parties is as follows:				
	Past due by 30 days			17,180	11,448
	Past due by 31 to 90 days			6,016	3,582
	Past due over 91 days			7,515	3,058
	Past due over 1 year			4,312	2,701
				35,023	20,789

26.3 This includes provision of Rs. 7.75 million (2022: Rs. 6,286 million) against doubtful debts.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

27	ADVANCES, PREPAYMENTS, TRADE DEPOSITS AND OTHER RECEIVABLES	Note	2023	2022
			[Rupees'000]	
	Advance to employees	27.1	29,583	18,537
	Advance to suppliers and contractors		99,133	79,322
	Advance to related parties	27.2	1,650	1,342
	Short term loan		-	330
	Trade deposits		22,018	16,682
	Prepayments	27.3	72,753	39,313
	Refundable sales tax		380,857	214,047
	Other receivables	27.4	184,946	143,289
			<b>790,940</b>	<b>512,862</b>

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

27.2	Advance to related parties - non-interest bearing	2023	2022
		[Rupees'000]	
	OPI Gas [Private] Limited	1,650	472
	Organic Plus [Private] Limited	-	870
		<b>1,650</b>	<b>1,342</b>

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

27.3 This includes amount of Rs. 19.69 million [2022: Rs. 7.020 million] of related parties.

27.4 This includes amount of Rs. Nil [2022: 0.794 million] of director, and Rs.2.26 million of related party Hashoo School of Hospitality Management [Private] Limited, and it is the maximum amount due at the end of any month during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

28	SHORT TERM INVESTMENTS	Note	2023	2022
			[Rupees'000]	
	<b>Amortized cost</b>			
	Certificate of investments		-	5,300
	Provision for impairment loss		-	[5,300]
			-	-
	<b>Fair value through other comprehensive income</b>			
	National Technology Development Corporation Limited		200	200
	Indus Valley Solvent Oil Extraction Limited		500	500
	Impairment loss		[700]	[700]
			-	-
	<b>Amortized cost</b>			
	Term Deposit Receipts	28.1	637,579	1,193,579
	Term Finance Certificate	28.2	75,000	75,000
	Mutual Fund		3,703	3,373
	Interest accrued		2,652	9,407
			718,934	1,281,359
	<b>Financial assets at fair value through profit or loss</b>			
	Investment in shares of listed companies	28.3	6,821	6,991
			725,755	1,288,350

28.1 This represent term deposit receipts having maturity of one months to one year carrying interest rate ranging from 6.5% to 14.10% (2022: 5.50% to 6.50%) per annum.

28.2 This represents investment in 750 number of TFCs having face value of Rs. 100,000/-each and carrying profit at 3-month KIBOR plus 1.60%, these TFCs are pledged as security against running finance facility of the Group (Refer to note 13).

28.3	Short term investments in shares of listed companies	2023	2022	2023	2022
		No. of ordinary shares of Rs. 10 each		[Rupees'000]	
	Pakistan Telecommunication Company Limited	350,000	350,000	2,104	2,436
	Lotte Chemical Pakistan Limited	150,000	150,000	4,128	3,543
	Fauji Fertilizer Bin Qasim Limited	50,000	50,000	589	1,012
				6,821	6,991

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

29	NON CURRENT ASSET HELD FOR SALE	Note	2023 [Rupees'000]	2022
	Property		-	3,114,554
	Property	29.1	3,766,242	-
	Under construction Hotel Pearl Continental Multan	29.2	5,573,462	4,544,545
			<b>9,339,704</b>	<b>7,659,099</b>
29.1	As per the debt restructuring term and explained in note # 8.9, proceeds from the disposal of the property situated at Civil Line Quarters, Abdullah Haroon Road, Karachi will be utilized for the deferred payments due on or before 31 December 2023, since the disposal is expected within twelve months from the reporting date hence this property has been classified as non-current asset held for sale, an advance amount of Rs. 500 million is already secured against the disposal. The property comprise of following asset categories.			
			2023 [Rupees'000]	2022
	Land		3,660,000	-
	Building		106,242	-
			<b>3,766,242</b>	<b>-</b>
29.2	This property was previously held as non current asset held for sale owing to a lender's unconditional right to initiate debt property swap in respect of this property, however during the year, the Parent Company has signed a re-structuring term sheet with the corresponding lender, refer note 8.3 for further details, after which it is no longer highly probable that property will be disposed through the previous arrangement with in one year. However the management of the Parent Company has, during the year decided to dispose off the under-construction hotel, located at Askari By-Pass Road, Mouza Abdul Fateh, tehsil & district Multan, in line with board approval dated 04 March 2021. Relevant activities in relation to sale of property are in progress and management believes that it is highly probable that sale transaction will be completed within the next financial year, accordingly this property continue to classify as held for sale.			
	This also includes capitalized borrowing cost amounting to Rs. 1,684 million [2022: Rs. 984.69 million]. During the year, borrowing cost amounting to Rs. 699.45 million is capitalized at the rate of 15.98%.			
29.3	Movement in non-current assets held for sale during year is as follows: Note		2023 [Rupees '000]	2022
	Opening balance		7,659,099	6,442,198
	Transfer from operating fixed assets	29.1	3,766,242	3,114,554
	Transfer to operating fixed assets		2,105	(2,748,739)
	Additions in		4,205	-
	Additions in / transfer from capital work in progress	29.2	1,028,917	851,086
			4,801,469	1,216,901
	Disposals	29.4	(3,120,864)	-
			<b>9,339,704</b>	<b>7,659,099</b>
29.4	Disposed asset			
	Opening		3,114,554	-
	Addition during the year		6,310	-
	Disposal		(3,120,864)	-
			<b>-</b>	<b>-</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

Description	Cost / revalue amount	Carrying value	Net - proceeds	Gain	Mode of disposal	Purchaser	Relationship with purchaser
	[Rupees'000]						
Land	2,570,000	2,570,000	2,650,995	80,995	Negotiaion	Tourism Promotion Services [Pakistan] Limited	-
Building	398,780	284,083	293,036	8,953	Negotiaion	Tourism Promotion Services [Pakistan] Limited	-
Plant & Machinery	251,884	121,763	125,600	3,837	Negotiaion	Tourism Promotion Services [Pakistan] Limited	-
Furniture, Fixture & Equipment, and others	330,270	145,018	149,588	4,570	Negotiaion	Tourism Promotion Services [Pakistan] Limited	-
<b>Total - 2023</b>	<b>3,550,934</b>	<b>3,120,864</b>	<b>3,219,220</b>	<b>98,356</b>			
Total - 2022	-	-	-	-			

			2023	2022
			[Rupees'000]	
<b>30</b>	<b>ADVANCE TAX - Net</b>	Note		
	Balance at 01 July		577,635	548,272
	Income tax paid during the year		453,786	241,949
	Charge for the year	40	(202,676)	(212,586)
	Balance at 30 June		828,745	577,635
<b>31</b>	<b>CASH AND BANK BALANCES</b>			
	Cash in hand		41,301	49,590
	Cash at bank			
	Current accounts - local currency		130,509	254,324
	Current accounts - foreign currency		286	6,488
	Deposit accounts - local currency	31.1	199,853	234,506
	Deposit accounts - foreign currency	31.2	14,218	3,417
			344,866	498,735
	Accrued profit		862	1,401
			387,029	549,726
<b>31.1</b>	Deposit accounts carry interest rate ranging from 10.75% to 19.50% (2022: 5.25% to 13.50%) per annum.			
<b>31.2</b>	Deposit accounts carry interest of 0.25% (2022: 0.25%) per annum.			

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

32	REVENUE- NET	2023	2022
		[Rupees'000]	
	Gross revenue	16,111,406	15,786,157
	Discounts	[366,430]	[317,841]
	Sales tax	[2,155,464]	[1,983,007]
		13,589,512	13,485,309

### 32.1 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	2023	2022
		[Rupees'000]	
Rooms		6,343,568	5,311,727
Food and beverages		8,242,535	7,790,408
Other related services	32.2	1,202,823	935,301
Fee revenue from franchise and management properties		75,410	155,081
Vehicle rental		212,227	208,165
Revenue from real estate segment		-	1,329,499
Shop license fees		34,843	55,976
Revenue - gross		16,111,406	15,786,157
<b>Timing of revenue recognition</b>			
Products / services transferred at a point in time		7,459,970	8,165,426
Services transferred over time		6,129,542	5,319,883

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

32.3 Revenue amounting to Rs. 451.142 million (2022: Rs. 319.436 million) has been recognized from contract liabilities at the beginning of the period.

32.4 Group's entire revenue is generated within Pakistan.

33	CONTRACT BALANCES	Note	2023	2022
		[Rupees'000]		
	Contract assets	33.1	20,620	27,654
	Contract liabilities	33.2	952,335	864,663

33.1 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.

33.2 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 relates to the advances received against banquets functions, room sales and membership fee. The Group applies the practical expedient in paragraph 121 of IFRS - 15 and does not disclose information about the remaining performance obligations that have original expected duration of one year or less.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

34	COST OF SALES AND SERVICES	Note	2023	2022
			[Rupees'000]	
	<b>Food and beverages</b>			
	Opening balance		150,527	92,327
	Purchases during the year		2,565,741	2,364,532
	Closing balance		[186,720]	[150,527]
	Consumption during the year		2,529,548	2,306,332
	<b>Direct expenses</b>			
	Salaries, wages and benefits	34.1	2,245,900	1,688,799
	Heat, light and power		1,472,386	1,150,766
	Repair and maintenance		469,869	389,374
	Depreciation	17.1.6	747,212	805,517
	Amortization		29,198	39,502
	Guest supplies		290,746	243,291
	Linen, china and glassware		147,787	113,441
	Communication and other related services		11,749	8,816
	Laundry and dry cleaning		76,115	67,845
	Banquet and decoration		75,114	76,688
	Transportation		4,643	5,596
	Uniforms		23,438	12,176
	Music and entertainment		18,219	14,706
	Insurance		3,333	2,068
	Vehicle operating expense		83,669	52,678
	Vehicle rentals and registration charges		42,189	65,223
	Cost of development properties		-	1,298,318
	Others	34.2	300,588	161,965
			<b>8,571,703</b>	<b>8,503,101</b>
34.1	Salaries, wages and benefits include staff retirement benefits amounting to Rs. 143.71 million (2022: Rs. 116.71 million).			
34.2	This also includes an amount of Rs. 163.80 million (2022: Rs. 127.22 million) relating to incremental costs of obtaining customer contracts.			
35	<b>OTHER INCOME</b>		2023	2022
			[Rupees'000]	
	Concessions and commissions		3,295	10,647
	Gain/ [loss] on disposal of property, plant and equipment		52,785	[2,543]
	Gain on disposal of held for sale asset		98,356	-
	Increase in fair value of investments property		-	10,000
	Communication towers and other rental income		82,910	66,086
	Insurance claim		2,319	16,450
	Impact of long term room allocation advances		77,085	-
	Gain on deferment of accrued markup		82,138	-
	Others - net		84,262	50,550
			<b>483,150</b>	<b>151,190</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

36	ADMINISTRATIVE EXPENSES	Note	2023 [Rupees'000]	2022
	Salaries, wages and benefits	36.1	1,925,118	1,459,923
	Rent, rates and taxes		373,050	153,117
	Security and protective services		353,927	309,804
	Advertisement and sales promotion		211,400	156,799
	Repair and maintenance		58,188	51,977
	Heat, light and power		184,503	140,266
	Travelling and conveyance		140,312	66,997
	Depreciation	17.1.6	175,471	170,858
	Amortization		5,097	5,425
	Communications		28,234	22,537
	Printing and stationery		56,984	38,198
	Legal and professional charges		165,093	211,969
	Insurance		111,331	96,514
	Entertainment		27,228	13,219
	Subscriptions		158,233	113,782
	Laundry and dry cleaning		5,189	4,415
	Uniforms		4,762	2,598
	Auditors' remuneration	36.2	10,098	9,731
	Vehicle rentals and registration charges	36.3	10,107	11,536
	Miscellaneous		152,771	73,224
			<b>4,157,096</b>	<b>3,112,889</b>

36.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 126.30 million [2022: Rs. 131.65 million].

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
		[Rupees'000]	
65.3	<b>Auditors' remuneration</b>		
	<b>KPMG Taseer Hadi &amp; Co.</b>		
	<b>Audit Services</b>		
	Annual audit fee	4,764	4,028
	Audit of consolidated financial statements	832	868
	Half yearly review	900	900
	Out of pocket expenses	876	917
		<b>7,372</b>	<b>6,713</b>
	<b>Non-audit Services</b>		
	Special reports and certification	485	910
	Tax advisory	613	300
		<b>1,098</b>	<b>1,210</b>
		<b>8,470</b>	<b>7,923</b>
	<b>BDO Ebrahim &amp; Co.</b>		
	<b>Audit services</b>		
	Annual audit fee	1,600	1,538
	Special reports and certificates	-	270
		<b>1,600</b>	<b>1,808</b>
		<b>10,070</b>	<b>9,731</b>

36.3 This represents Ijarah payments made during the year 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.

		2023	2022
		[Rupees'000]	
The maturity analysis of remaining Ijarah facility is as follows:			
	Within one year	752	6,727
	After one year but not more than five years	-	932
		<b>752</b>	<b>7,659</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
		[Rupees'000]	
<b>37</b>	<b>OTHER EXPENSE</b>		
	Impairment on associates and jointly controlled entity	1,108,939	777,973
	Impairment on advance against equity	189,402	175,000
		<b>1,298,341</b>	<b>952,973</b>
<b>38</b>	<b>FINANCE INCOME</b>		
	Interest income on:		
	Term Deposit Receipt	134,696	44,701
	Term Finance Certificate	14,232	8,257
	Bank deposits	54,657	29,738
	Dividend income	1,200	225
	Exchange gain	7,031	-
		<b>211,816</b>	<b>82,921</b>
<b>39</b>	<b>FINANCE COST</b>		
	Interest expense on:		
	Loans and borrowings	687,091	455,149
	Short term borrowings	359,018	224,806
	Sukuk finance	686,903	484,484
	Amortization of transaction cost	9,369	9,176
	Lease facilities	60,001	27,537
	Interest on lease before commencement	-	3,046
	Amortization of deferred payment	42,644	82,650
	Amortization of long term room allocation advances	11,437	-
	Interest on preference shares	41,850	41,850
	Credit cards, bank and other charges	100,201	100,462
	Exchange loss	-	10,083
		<b>1,998,514</b>	<b>1,439,243</b>
<b>40</b>	<b>INCOME TAX EXPENSE</b>		
	Current tax expense		
	- Current year	218,845	224,993
	- Change in estimate related to prior year	[16,169]	[12,407]
		<b>202,676</b>	<b>212,586</b>
	Deferred tax	135,613	[174,666]
	Tax expense for the year	<b>338,289</b>	<b>37,920</b>
<b>40.1</b>	<b>Relationship between accounting profit and tax expense is as follows:</b>		
	Accounting loss for the year	[1,447,514]	[361,598]
	Tax charge @ 29% [2022: 29%]	[419,779]	[104,863]
	Effect of super tax	7,575	40,361
	Foreign Source income	33,905	-
	Tax effect of minimum tax	577,673	[224,495]
	Deferred tax asset not recognised	161,550	339,147
	Tax effect of income subject to lower taxation	1,917	[12,588]
	Prior year's tax charge	[16,169]	[12,407]
	Others	[8,383]	12,765
		<b>338,289</b>	<b>37,920</b>
<b>40.2</b>	Due to uncertainty about timing of taxable profits in the foreseeable future against which the unabsorbed depreciation losses can be utilized, the Group has not recognized deferred tax asset amounting to Rs. 460 million as at 30 June 2022 [2021: Rs.403.80 million].		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 40.3 Tax related contingencies

#### Income tax

- i The income tax assessments of the Parent Company have been finalised and returns have been filed up to and including the tax year 2021. However, for the assessment year 1999-2000, an appeal is pending with the Appellate Tribunal, Inland Revenue. In case of adverse decision of the appeal, the tax liability of Rs. 73.165 million [2022: 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 Parent Company against the assessment order before the Commissioner Inland Revenue [Appeals-II] Karachi [CIR(A)]. The case was remanded back for reassessment by the CIRA upon which the deputy Commissioner of Inland Revenue initiated appeal effect proceedings and passed the appeal effect order dated 26 May 2023 creating demand of Rs. 35.19 million, 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 In June 2023, the taxation officer passed an order under Section 4C of the Ordinance for the tax year 2022 creating tax demand of Rs. 42.38 million. The Parent Company has paid Rs. 10 million of this demand to taxation authorities and filed the appeal before CIRA against the amendment in assessment order dated 26 June 2023.
- iv In May 2023, the taxation officer amended the assessment for the tax year 2017 by various disallowances and creating tax demand of Rs. 6,979,082/- The Parent Company file the appeal before CIRA against the amendment in assessment order dated 27 June 2023. The Parent Company anticipates favorable outcome of the case based on the legal and factual position on the matter.
- v Income Tax Appeal has been filed before the Commissioner of Inland Revenue [Appeals-III], Karachi on 21-07-2020 against the order passed by the Assistant/Deputy Commissioner of Inland Revenue, [ACIR] u/s 122(1)/122(5) of the Income Tax Ordinance, 2001 dated 30-06-2020 for the Tax Year 2014, CIR considered the Parent company's detailed arguments remand back the case to DCIR. Group filed appeal to the Appellate Tribunal Inland Revenue on 03.11.2020 which is pending. The Group is confident of favorable outcome of the case and hence a provision on this matter has not been recognized.
- vi During the scrutiny of details/ documents of Tax Year 2016 available on e-portal of FBR, it was revealed that the total of expenditure claimed in different accounts was in excess of the amounts subject to deductions under the provisions of the Income tax Ordinance, 2001. In this regard Assistant Commissioner of Inland Revenue passed order u/s 161/205/182 to pay tax not deducted/collected from payers and net short fall of tax deduction amounted to Rs. 30,884,534/-. Company filed appeal before the CIR [A] and CIR(A) considered our detailed argument remand back the case to DCIR. Company filed appeal before the Appellate Tribunal Inland Revenue, Karachi on 16.05.2019 and decision is pending to date. the Group is confident of favorable outcome of the case and hence a provision on this matter has not been recognized.
- vii. Income Tax Appeal has been filed before the Commissioner of Inland Revenue [Appeals-VII], Karachi [CIR(A)] on 31-05-2022 against the order passed by the Assistant/Deputy Commissioner of Inland Revenue, Unit-06, Range-B, Audit-III, Corporate Tax Office, Karachi [ACIR] u/s 221(1) of the Income Tax Ordinance, 2001 dated 13-05-2022 for the Tax Year 2019 and CIR(A) considered our detailed argument remand back the case to ACIR.

#### 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

tax. The Additional Collector disposed off the above referred audit observations. The department filed appeal before the Appellate Tribunal Inland Revenue [ATIR]. The ATIR set aside order of Additional Collector through order no. 1394/LB/09 dated 13 May 2011. The Parent Company filed reference application no. 128/2011 before the Honorable Lahore High Court dated 12 September 2011 against the order passed by ATIR and hence a provision on this matter has not been recognized.

- 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, Punjab Revenue Authority, Lahore [PRA] issued notices having references No.PRA/PC/Hotel/14/32972 on 05 November 2014 and No.PRA/PC/Hotel/14/32985 on 12 November 2014 for the tax period August 2014 and tax periods from July 2012 to September 2014 respectively. Through notice dated 05 November 2014 it has been alleged that the 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.
- iv. The EO PRA passed an order dated 30 April 2021 alleging that the Parent Company claimed inadmissible input tax of Rs. 2,079,081/- during the tax periods October 2013 to June 2015 and raised a demand of Rs. 2,079,081/- along with penalty of Rs. 103,954/-. The Parent Company aggrieved by the order filed an appeal before the Commissioner Appeals, PRA which is pending disposal till date.
- v. The Assistant Commissioner Sindh Revenue Board [AC-SRB], passed an order on 15 March 2022 alleging that the Parent Company claimed inadmissible input tax of Rs. 112,789,782 during the tax periods July 2013 to June 2020 and raised a demand of Rs. 112,789,782 along with penalty of Rs. 5,639,489/-. The Parent Company aggrieved by the order filed an appeal before the Commissioner Appeals, SRB which is pending disposal till date.
- vi. 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 filed 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.9,530,045. 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.

### 40.3.1 Employee Related contingencies

Third party contractors staff has filed a case in Labor Court Peshawar which was later on transferred to Labour Court Mardan and the said court decided in favor of the employees on 13.07.09. Parent Company got a stay order against the decision of the Labour Court Mardan from High Court Peshawar. Subsequently the said case were transferred to the NIRC and full bench of NIRC has dismissed the petition with the order that the Defendant are entitled to claim the benefits of permanent employees with effect from 1993. Against the said order Parent Company have filed Write petition before the Peshawar High Court. The Honorable High Court suspended the order of the Full Bench of NIRC Islamabad.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

An employee was dismissed in account of embezzlement and concealing facts .He has approached to NIRC for reinstatement of services. Parent Company have filed application challenging the jurisdiction which was dismissed and adjourned the case for filing of reply.

41	LOSS PER SHARE	Note	2023 [Rupees'000]	2022
	Loss for the year [Rupees '000]		[1,702,726]	[357,305]
	Weighted average number of ordinary shares [Numbers]		32,524,170	32,524,170
	Loss per share - basic [Rupees]		[52.35]	[10.99]
	There is no dilution effect on the basic earnings per share of the Company.			
42	CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES			
	Loss before tax		[1,447,514]	[361,598]
	<b>Adjustments for:</b>			
	Depreciation	17.1.6	922,683	976,375
	Amortization		34,295	44,927
	Loss / (gain) on disposal of property, plant and equipment	35	[52,785]	2,543
	Gain on disposal of held for sale assets	35	[98,356]	-
	Provision for staff retirement benefit - gratuity	10.1.3	157,269	150,866
	Provision for compensated leave absences	10.2.3	50,274	43,917
	Impairment loss / (reversal) on trade debts		[138,831]	179,283
	Return on bank deposits / certificate of investment	38	[203,585]	[82,696]
	Share of gain on equity accounted investments		[155,001]	[107,260]
	Finance cost	39	1,998,514	1,439,243
	Dividend income	38	[1,200]	[225]
	Impairment) on associates and jointly controlled entity	38	1,298,341	952,973
	Unrealized gain / (loss) on remeasurement of investment to fair value		170	789
	Unrealized gain of rooms allocation on long term basis		[77,085]	-
	Unrealised gain on remeasurement of investments property	35	-	[10,000]
	Provision on stores, spare parts and loose tools		[64]	-
			<b>2,287,125</b>	<b>3,229,137</b>
43	CASH AND CASH EQUIVALENTS			
	Cash and bank balances	31	387,029	549,726
	Short term borrowings	13	[1,613,026]	[2,241,140]
	Accrued profit on bank deposits		[862]	[1,401]
	Accrued markup on short term borrowings		81,404	64,895
			<b>[1,145,455]</b>	<b>[1,627,920]</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 43.1 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
	interest					
	(Rupees'000)					
Balance at 01 July 2022	14,547,366	437,317	61,686	9,242	1,528	15,057,139
<b>Changes from financing activities</b>						
Proceeds from loans	441,050	-	-	-	-	441,050
Allocation of rooms on long term basis	215,509	-	-	-	-	215,509
Repayment of loan	(1,706,586)	-	-	-	-	(1,706,586)
Repayment of lease liability	-	(120,533)	-	-	-	(120,533)
Short term loan	157,467	-	-	-	-	157,467
Advance against issuance of share	-	-	14,400	-	-	14,400
Transaction cost paid	(15,000)	-	-	-	-	(15,000)
	(907,560)	(120,533)	14,400	-	-	(1,013,693)
<b>Other changes</b>						
Amortization of transaction cost	9,369	-	-	-	-	9,369
Lease liabilities	-	83,286	-	-	-	83,286
Mark-up accrued	223,374	-	-	-	-	223,374
	232,743	83,286	-	-	-	316,029
Balance at 30 June 2023	13,872,549	400,070	76,086	9,242	1,528	14,359,475

### 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
	interest					
	(Rupees'000)					
Balance at 01 July 2021	15,279,646	239,657	21,000	9,242	1,528	15,551,073
<b>Changes from financing activities</b>						
Proceeds from loans	279,809	-	-	-	-	279,809
Repayment of loan	(596,301)	-	-	-	-	(596,301)
Lease liabilities	-	(135,184)	-	-	-	(135,184)
Advance against issuance of shares	-	-	40,686	-	-	40,686
Increase in non-controlling interest	-	-	-	-	-	-
Issuance of preference share	-	-	-	-	-	-
Transaction cost paid	(8,200)	-	-	-	-	(8,200)
	(324,692)	(135,184)	40,686	-	-	(419,190)
<b>Other changes</b>						
Amortization of transaction cost	9,176	-	-	-	-	9,176
Lease liabilities	-	332,844	-	-	-	332,844
Mark-up accrued	(416,764)	-	-	-	-	(416,764)
	(407,588)	332,844	-	-	-	(74,744)
Balance at 30 June 2022	14,547,366	437,317	61,686	9,242	1,528	15,057,139



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 44 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2023			2022		
	Chief Executive Officer	Directors	Executives	Chief Executives Officer	Directors	Executives
	Rupees '000					
Managerial remuneration	144,000	225,408	579,295	108,000	140,609	382,274
Provident fund contribution	7,996	1,199	12,108	5,997	1,199	10,242
Provision for gratuity	11,836	23,170	17,476	45,370	12,591	16,547
Provision for compensated leave absences	12,000	25,775	-	4,352	18,746	-
Provision for bonus	24,000	-	346	24,000	-	447
Provision for leave fare assistance	3,993	-	57	4,521	-	-
* Other services	-	20,748	-	-	-	-
** Meeting fee	250	2,600	700	200	1,475	400
	<b>204,075</b>	<b>273,125</b>	<b>635,757</b>	<b>188,088</b>	<b>160,226</b>	<b>428,656</b>
Number of persons	1	3	120	1	2	74

\* This represents services offered by a non executive director in advisory capacity.

\*\* This represents meeting fee of Rs. 1,900 [2022: Rs. 1,045] million of certain non executive directors of the Parent Company.

44.1 In addition to the above, vehicle allowance of Rs. 68.28 million has been paid to certain Directors and executives. The Chief Executive Officer, and certain executives are provided with the Company maintained vehicles having carrying value of Rs. 23.56 million [2022: Rs. 31.29 million]. Accommodation maintenance is also provided to Chief Executive Officer. Certain directors and executives are also provided with medical expenses and Group maintained accommodation, as per the Group's policy.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 45 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Basis of Relationship	Name of Related Party	Percentage of Share holding
Common directorship	Hashwani Hotels Limited	-
	Hotel One (Private) Limited	17.85%
	Hashoo Holdings (Private Limited)	-
	Jubilee General Insurance Company Limited	7.6%
	Orient Petroleum Inc.	-
	OPI Gas (Private) Limited	-
	Pearl Real Estate Holdings (Private) Limited	-
	Shine Plus (Pvt) Ltd.	-
	Hashoo (Private) Limited	-
	Tejari Pakistan (Private) Limited	-
	Organiks Plus (Private) Limited	-
	Net -21 (Private) Limited	-
	Gulf Properties (Private) Limited	-
	Zaver Petroleum Corporation (Private) Limited	11.26%
Hashoo Hunar (Pvt) Ltd.	-	
Hashoo School of Hospitality Management (Pvt.) Limited	-	
Associate of Subsidiary	Investments One Person Company	-
	Inveny Singapore Pte. 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	-
Mr. M. Saleem Ahmad Ranjha	-	
Director of Subsidiary Company	Syed Javed	-
Key management personnel	Chief Financial officer	-
	Company Secretary	-
Directors as Board of trustees	Hashoo Foundation	-
	Hashoo Hunar	-
Significant influence	Genesis Trading (Private) Limited	-
	Karakoram Security Services (Private) Limited	-
Significant influence of relative of Director	Nirvana, a partnership firm	-
Close family member of Directors	Ms. Sarah Hashwani	-
	Ms. Nadia Lakhani	-
	Ms. Shazia Hashwani	-
Staff retirement fund	PSL Employees Provident Fund Trust	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 [Rupees'000]	2022
<b>Transactions with associated undertakings</b>			
Sales		2,344	450
Services provided		74,398	46,489
Services availed		577,438	418,502
Purchases		220,432	82,016
Franchise fee - income		5,340	5,291
Franchise and management fee - expense		-	-
Dividend income		60,227	60,227
Purchase of property, plant and equipment		33,072	-
Sale of asset		10,241	2,104
Acquisition of shares		-	550,000
Advance against issuance of shares		14,400	-
<b>Transactions and balances with other related parties</b>			
Sales		325	1,852
Services provided		81	144
Services availed		40,237	10,012
Contribution to defined contribution plan - provident fund		62,165	53,587
<b>Transactions with key management personnel</b>			
Remuneration and allowances including staff retirement benefits	45.1	592,222	450,485
Loan from key management personnel		157,466	306,000
Refund of loan to key management personnel		-	31,312
45.1	<b>Compensation to key management personnel</b>		
Salaries and other benefits		465,935	331,044
Contribution to provident fund		10,186	8,361
Gratuity		51,553	74,508
Bonus		24,000	24,000
Meeting fee		3,550	1,675
Other services		20,748	
Others		16,250	10,897
		<b>592,222</b>	<b>450,485</b>
Number of persons		<b>8</b>	<b>7</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 46 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

#### 46.1 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				Level 1	Level 2	Level 3	Total	
		Financial assets	Financial assets	Financial assets	Financial liabilities					
		fair value through profit or loss	fair value through OCI	amortized cost	amortized cost					
<b>30 June 2023</b>										
<b>Financial assets measured at fair value</b>										
Short term investment	28	6,821	-	-	-	6,821	6,821	-	-	6,821
Long term investment	21	-	689,718	-	-	689,718	-	689,718	-	689,718
Long term deposits	22	50,026	-	-	-	50,026	-	-	-	-
Short term deposits	27	22,018	-	-	-	22,018	-	-	-	-
		<b>78,865</b>	<b>689,718</b>	<b>-</b>	<b>-</b>	<b>768,583</b>	<b>6,821</b>	<b>689,718</b>	<b>-</b>	<b>696,539</b>
<b>Financial assets not measured at fair value</b>										
Trade debts	26	-	-	987,640	-	987,640	-	-	-	-
Contract assets	33	-	-	20,620	-	20,620	-	-	-	-
Advance to employees	27	-	-	29,583	-	29,583	-	-	-	-
Other receivables	27	-	-	184,946	-	184,946	-	-	-	-
Short term investment	28	-	-	716,282	-	716,282	-	-	-	-
Accrued interest		-	-	3,703	-	-	-	-	-	-
Bank balances	31	-	-	387,029	-	387,029	-	-	-	-
		<b>-</b>	<b>-</b>	<b>2,329,803</b>	<b>-</b>	<b>2,326,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>										
Loans and borrowings	8	-	-	-	12,644,413	12,644,413	-	-	-	-
Other non-current liabilities		-	-	-	141,960	141,960	-	-	-	-
Short term borrowings	13	-	-	-	2,576,960	2,576,960	-	-	-	-
Lease liabilities	9	-	-	-	400,070	400,070	-	-	-	-
Trade and other payables	14	-	-	-	3,374,759	3,374,759	-	-	-	-
Unclaimed dividend		-	-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	-	1,528	1,528	-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>19,148,932</b>	<b>19,148,932</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

	Note	Carrying amount				Fair value			
		Amount in Rs'000							
		Financial assets Fair value through profit or loss	Financial assets Amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>30 June 2022</b>									
<b>Financial assets measured at fair value</b>									
Short term investment	28	6,991	-	-	6,991	6,991	-	-	6,991
Long term deposits	22	52,518	-	-	52,518	-	-	52,518	52,518
Short term deposits	27	16,682	-	-	16,682	-	-	16,682	16,682
		<u>76,191</u>	<u>-</u>	<u>-</u>	<u>76,191</u>	<u>6,991</u>	<u>-</u>	<u>69,200</u>	<u>76,191</u>
<b>Financial assets not measured at fair value</b>									
Trade debts	26	-	833,185	-	833,185	-	-	-	-
Contract assets	33	-	27,654	-	27,654	-	-	-	-
Advance to employees	27	-	17,743	-	17,743	-	-	-	-
Other receivables	27	-	144,083	-	144,083	-	-	-	-
Short term investment	28	-	1,271,952	-	1,271,952	-	-	-	-
Cash and bank balances	31	-	549,726	-	549,726	-	-	-	-
		<u>-</u>	<u>2,844,343</u>	<u>-</u>	<u>2,844,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Loans and borrowings	8	-	-	13,698,446	13,698,446	-	-	-	-
Other non-current liabilities		-	-	12,934	12,934	-	-	-	-
Short term borrowings	13	-	-	3,047,607	3,047,607	-	-	-	-
Lease liabilities	9	-	-	366,244	366,244	-	-	-	-
Trade and other payables	14	-	-	2,520,574	2,520,574	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>19,656,575</u>	<u>19,656,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

46.2 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.

46.3 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 46.4 ]
- Liquidity risk [note 46.5]
- Market risk [note 46.6]

### Risk management framework

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

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

### 46.4 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade debts from customers.

The carrying amount of financial assets and contract assets represent the maximum credit exposure.

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

	2023	2022
	[Rupees'000]	
[Reversal] / allowance of expected credit losses on trade debts and contract assets arising from contract with customers	<u>[138,831]</u>	<u>179,283</u>

### 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 32.1.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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

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

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

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

	2023		2022	
	Trade debts [Rupees '000]	Contract assets	Trade debts [Rupees '000]	Contract assets
Pearl Continental Hotel				
- Karachi	290,820	8,094	300,064	9,142
- Lahore	446,073	2,396	509,881	8,502
- Rawalpindi	120,690	2,814	137,756	3,082
- Peshawar	81,796	-	185,052	2,780
- Bhurban	222,617	6,183	122,099	3,587
- Muzaffarabad	42,739	1,125	24,676	561
- Hunza	526	8		
- Islamabad	63,324	-	47,054	-
- Hotel One The Mall, Lahore	30,365	-		-
Destinations of the World - Pakistan	43,260	-		-
	<b>1,342,210</b>	<b>20,620</b>	<b>1,326,582</b>	<b>27,654</b>

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

	Note	2023	2022
		[Rupees'000]	
From related parties		35,023	20,789
From government institutions		40,495	44,265
Others		1,287,312	1,289,182
	25 & 32	<b>1,362,830</b>	<b>1,354,236</b>
A summary of the Group's exposure to credit risk for trade debts is as follows.			
Customers with external credit rating of A1+ to A3		70,422	139,230
Customers without external credit rating		1,271,784	1,187,352
Total gross carrying amount		1,342,206	1,326,582
Allowance for expected credit losses		[354,566]	[493,397]
		<b>987,640</b>	<b>833,185</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### Expected credit loss assessment for corporate customers

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

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

Scalar factors are based on unemployment rate, consumer price index and exchange rate which are as follows:

Years	GDP Forecast	Consumer price index
2023	0.5	27.1
2022	6.0	12.1
2021	5.7	8.9
2020	(0.9)	10.7
2019	3.1	6.7

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 2023

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 2023.

	Weighted average loss rate	Gross carrying amount	Loss allowance
	%	[Rupees' 000]	
<b>30-Jun-23</b>			
Current	7.6%	424,868	32,487
0-30 days past due	14.8%	232,488	34,413
30-60 days past due	25.9%	107,183	27,720
60-90 days past due	52.1%	32,271	16,801
91-150 days past due	43.5%	513,395	223,076
151 days and above	38.1%	52,623	20,071
		<b>1,362,830</b>	<b>354,568</b>
<b>30-Jun-22</b>			
Current	5.3%	386,522	20,670
0-30 days past due	6.2%	235,654	14,683
30-60 days past due	13.0%	145,652	18,921
60-90 days past due	24.9%	97,785	24,392
91-150 days past due	34.9%	64,635	22,539
151 days and above	92.5%	423,988	392,192
		<b>1,354,236</b>	<b>493,397</b>

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.

	2023	2022
	[Rupees '000]	
Balance at 01 July	493,397	314,114
[Reversal] / allowance of impairment loss on trade debts	[138,831]	179,283
Balance as at 30 June	<b>354,566</b>	<b>493,397</b>

#### iv. Other receivables

The Group held other receivables of Rs. 189.15 million as at 30 June 2023 [2022: Rs. 143.29 million].

Impairment on trade deposits and other receivables have been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The 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.716.58 million as at 30 June 2023 [2022: Rs. 1,271.9 million]. These short term investments are held with the banks which are rated A1+ to A2 based on PACRA and JCR - VIS ratings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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. 344.86 million as at 30 June 2023 (2022: Rs. 498.74 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.

### 46.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, prudent fund management practices and the ability to close out market positions due to dynamic nature of the business. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

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

		Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year and up to five years
	Note	[Rupees' 000]			
<b>2023</b>					
Loans and borrowings	8	12,644,413	17,268,269	13,013,838	4,254,431
Other non current liabilities		141,960	141,960	-	-
Lease liabilities	9	400,070	842,478	183,624	658,854
Trade and other payables	14	3,374,759	3,374,759	3,374,759	-
Short term borrowings	13	2,576,960	2,576,960	2,576,960	-
Unclaimed dividend		9,242	9,242	9,242	-
Unpaid dividend		1,528	1,528	1,528	-
		<u>19,148,932</u>	<u>24,215,196</u>	<u>19,159,951</u>	<u>4,913,285</u>
<b>2022</b>					
Loans and borrowings	8	13,698,446	15,491,946	5,571,839	9,920,107
Other non current liabilities		12,934	12,934	-	-
Lease liabilities	9	366,244	892,342	179,569	712,773
Trade and other payables	14	2,520,574	2,520,574	2,520,574	-
Short term borrowings	13	3,047,607	3,047,607	3,047,607	-
Unclaimed dividend		9,242	9,242	9,242	-
Unpaid dividend		1,528	1,528	1,528	-
		<u>19,656,575</u>	<u>21,976,173</u>	<u>11,330,359</u>	<u>10,632,880</u>

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.

#### 46.6 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 2023

### 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:

	2023		2022	
	(Rupees'000)	USD' 000	(Rupees' 000)	USD' 000
Bank balance	14,218	49.39	3,417	16.63
Trade and other payable	-	-	4,880	24

The following significant exchange rate applied during the year:

	Average rates		Balance sheet date rate	
	2023	2022	2023	2022
PKR/ US Dollars	248.23	179.64	287.90	206.52

### 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.

	2023	2022
	(Rupees'000)	
Increase in 5% USD rate	(711)	(171)
Decrease in 5% USD rate	711	171

### 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 2023

Exposure to interest rate risk:

	2023		2022	
	Effective interest rates %		[Rupees' 000]	
<b>Variable rate instruments</b>				
Financial assets	0.25 to 20.50	0.25 to 13.50	214,071	237,923
<b>Variable rate instruments</b>				
Financial liabilities	KIBOR + 0.6 to 1.5	KIBOR + 0.6 to 1.5	[15,621,443]	[17,112,297]

### Fair value sensitivity analysis for fixed rate instruments

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

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / [decreased] equity / profit and loss by Rs. 154.27 million [2022: Rs. 168.705 million]. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

### 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

The Group is exposed to equity price risk, which arises from investments measured at fair value through profit or loss. All of the company's investment through profit or loss are in quoted investments, a Rs. 1 increase in market price at reporting date would have increased profit or loss by Rs. 0.55 million [2022: Rs. 0.55 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 2023 and assumes that all other variables remain the same.

	Level 1	Level 2	Level 3
	[Rupees '000]		
<b>Assets carried at fair value</b>			
<b>2023</b>			
Financial assets at fair value			
through profit or loss - held for trading	6,821	-	-
<b>2022</b>			
Financial assets at fair value			
through profit or loss - held for trading	6,991	-	-

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 2023

### 47 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:

	2023	2022
	[Rupees'000]	
Increase in profit after tax for the year	(1,546)	118
Derecognition of property, plant and equipment	(130,793)	(145,825)
Recognition of intangible asset	306,210	323,222
Recognition of financial liability	(27,064)	(27,497)
Increase in taxation obligations	-	48
Increase in unappropriated profits	102,860	104,406

### 48 CAPACITY

	Note	No. of lettable rooms		Average occupancy	
		2023	2022	2023 %	2022 %
Pearl Continental Hotel					
- Karachi		288	288	65	69
- Lahore		607	607	48	54
- Rawalpindi		200	200	62	74
- Bhurban		197	197	56	70
- Muzaffarabad		102	102	38	48

### 49 OPERATING SEGMENTS

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

### 50 NUMBER OF EMPLOYEES

	2023	2022
Number of employees at the year end	1,894	1,882
Average number of employees during the year	1,934	1,745

### 51 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.

### 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 28 September 2023.



**Murtaza Hashwani**  
Chief Executive Officer



**M.A. Bawany**  
Director



**Tahir Mahmood**  
Chief Financial Officer



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](mailto: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](http://www.psl.com.pk).

For any query/ problem/information, the investors may contact the company's Share Registrar at the above phone Numbers, email address.

Yours faithfully,

**for Pakistan Services Limited**

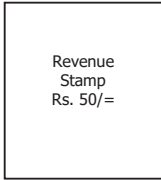


**Muhammad Amir**  
Company Secretary

**PAKISTAN SERVICES LIMITED**  
**FORM OF PROXY**

I / We \_\_\_\_\_ of \_\_\_\_\_ being a member of Pakistan Services Limited hereby appoint Mr./Ms./M/s. \_\_\_\_\_ of \_\_\_\_\_ failing whom Mr./Ms./M/s. \_\_\_\_\_ of \_\_\_\_\_ as my proxy to attend and act for me, and on my behalf, at the Annual General Meeting of the Company to be held on Friday, October 27, 2023 at 11:00 a.m. at Islamabad Marriott Hotel, and any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023.



\_\_\_\_\_  
Specimen Signature of Proxy

Folio No. \_\_\_\_\_

Participant I.D. No. \_\_\_\_\_

Sub Account No. \_\_\_\_\_

\_\_\_\_\_  
Signature of Shareholder

Folio No. \_\_\_\_\_

Participant I.D. No. \_\_\_\_\_

Sub Account No. \_\_\_\_\_

Witness:

1. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Specimen Signature of Alternate Proxy

Folio No. \_\_\_\_\_

Participant I.D. No. \_\_\_\_\_

Sub Account No. \_\_\_\_\_

Witness:

2. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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, 1<sup>st</sup> 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 2023

میں/ہم ..... سکنہ  
بحیثیت ممبر (رکن) پاکستان سروسز لمیٹڈ بذریعہ ہذا مسمیٰ/مسماة  
..... سکنہ:  
یا ان کی غیر حاضری کی صورت میں متبادل مسمیٰ / مسماة ..... 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 جمعہ مورخہ 27 اکتوبر 2023 کو اسلام آباد میرٹ ہوٹل میں  
منعقد ہوگا یا التواء کی صورت میں حاضر ہو کر میری/ہماری نمائندگی کرے۔

مورخہ ..... بروز ..... 2023  
پراکسی کے دستخط کا نمونہ

پچاس روپے مالیت کی ریونیو ٹکٹ

..... فولیو نمبر  
..... سی ڈی سی پارٹسینٹ آئی ڈی نمبر  
..... ذیلی اکاؤنٹ نمبر

..... متبادل پراکسی کے دستخط کا نمونہ  
..... فولیو نمبر  
..... سی ڈی سی پارٹسینٹ آئی ڈی نمبر  
..... ذیلی اکاؤنٹ نمبر  
..... گواہان:

..... ممبر (رکن) کا دستخط  
..... فولیو نمبر  
..... سی ڈی سی پارٹسینٹ آئی ڈی نمبر  
..... ذیلی اکاؤنٹ نمبر  
..... گواہان:

- 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 48 گھنٹے پہلے تک پاکستان سروسز لمیٹڈ واقع پہلی منزل، نیسپاک ہاؤس، سیکٹر G-5/2 اسلام آباد میں جمع کرا دے
  - (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۔







Pearl-Continental Hotel, Bhurban



PAKISTAN SERVICES LTD.

1st Floor, NESPAK House, G-5/2, Islamabad  
Tel: +92 51-2272890-8 | Fax: 92 51-2878636

[www.psl.com.pk](http://www.psl.com.pk)

OWNERS & OPERATORS OF



Pearl-Continental

HOTELS & RESORTS

KARACHI | LAHORE | RAWALPINDI  
BHURBAN | MUZAFFARABAD | MALAM JABBA

*PC* LEGACY

HUNZA



by  
Pearl-Continental