

**Riaz Ahmad & Company**

Chartered Accountants

# **AKD HOSPITALITY LIMITED**

**FINANCIAL STATEMENTS WITH ACCOMPANYING  
INFORMATION**

**FOR THE YEAR ENDED  
30 JUNE 2022**

## INDEPENDENT AUDITOR'S REPORT

### To the members of AKD Hospitality Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of AKD HOSPITALITY LIMITED ("the Company"), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the loss and other 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty relating to Going Concern

We draw attention to Note 1.2 to the financial statements which states that the Company has incurred loss after taxation of Rupees 2.817 million during the year. As at 30 June 2022, the Company has accumulated loss of Rupees 18.459 million and its current liabilities exceeds current assets by Rupees 8.953 million. The Company's primary commercial operations remained at halt for some years. These factors indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial

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statements, however, has been prepared on a going concern basis due to the reasons morefully disclosed in the aforementioned note. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

## **Information other than the Financial Statements and Auditor's Report Thereon**

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

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

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

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

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

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

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

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

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.

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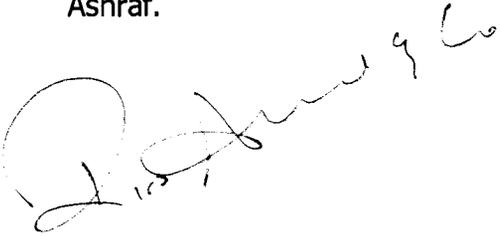
From the matters communicated with board of directors of the Company, we determine the matters that were of most significance in the audit of the financial statements of the current period and were therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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 statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (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 auditor's report is Junaid Ashraf.



**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**

**KARACHI**

**Date: 04 October 2022**

**UDIN: AR202210045mW4rR6DZX**



# AKD Hospitality Ltd.

(Formerly AKD Capital Ltd.)

## DIRECTOR'S REPORT

The Board of Directors of the company are hereby pleased to present the audited financial statements together with the Auditor's Report for the year ended 30<sup>th</sup> June 2022.

### OPERATING RESULTS

The comparison of the audited results for the year ended 30<sup>th</sup> June 2022 with the corresponding period of last year is as under:

.....In Rupees.....

Description	30 June 2022	30 June 2021
Net profit / (loss) before tax	(2,859,570)	(9,234,837)
Net Profit / (loss) after tax	(2,817,133)	(9,855,056)
Earning / (loss) per share – Basic & diluted	(1.12)	(3.93)

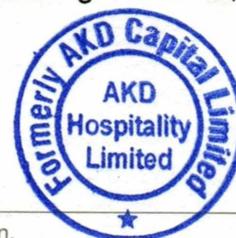
During the year, the company incurred a net loss after tax of Rs. 2.82 million. Operating results for the financial year are favorable as compared to the net loss after tax (Rs. 9.86 million) during the same period of last year.

### CODE OF CORPORATE GOVERNANCE

The Directors of the Company are fully aware of their responsibilities under the Code of Corporate Governance regulations 2019 promulgated by Securities & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance as required.

As a part of the compliance of the Code, we confirm the following:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is being govern through Manuals, TOR's and SOP's.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

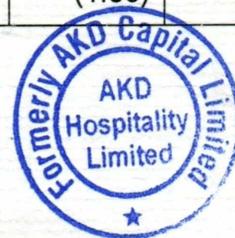




- g) We have an Audit Committee, Human Resource and Remuneration Committee and Risk Management Committee. The members these committees are selected by BOD ensuring compliance with applicable rules & regulations.
- h) The Board of Directors has adopted a mission statement and a statement of overall corporate strategy.
- i) As required by the Code of Corporate Governance, we have given the following information:
- Statement of pattern of shareholding has been given separately.
  - Statement of shares held by associated undertakings and related persons have been given in financial statements.
  - Statement of the Board meetings held during the year.
  - Attendance by each director has been given.
  - Key operating and financial statistics for last five (5) years in summarized form is given below.

## KEY FINANCIAL DATA

Particulars	2022	2021	2020	2019	2018
	----- (Rupees in '000) -----				
Capital	25,072	25,072	25,072	25,072	25,072
Share premium	20,891	20,891	20,891	20,891	20,891
Reserve	752	752	752	752	752
Accumulated (loss) / profit	(17,706)	(24,158)	(14,304)	(11,436)	(6,934)
Long term liabilities	185	1,955	--	259	183
Current Liability	14,352	10,617	4,900	5,479	3,692
<b>Total Equity &amp; Liability</b>	<b>27,139</b>	<b>44,615</b>	<b>29,991</b>	<b>39,523</b>	<b>43,375</b>
Operating Fixed Assets	1,092	1,231	1,392	1,576	1,725
Long term assets	20,647	39,496	20,860	26,925	1843
Current assets	5,399	3,887	7,739	11,002	41,532
<b>Total Assets</b>	<b>27,139</b>	<b>44,615</b>	<b>29,991</b>	<b>39,523</b>	<b>43,375</b>
Operating Income	-	2,400	2,500	5,043	4,000
Other Income	2,500	1,284	-	-	-
Capital Gain/(Loss)	-	-	-	-	-
Operating Expenses	(5,326)	(12,864)	(5,656)	(7,504)	(4536)
Operating Profit/(Loss)	(2,859)	(9,234)	(2,928)	(2,459)	1403
Taxation	42,437	(620)	59	787	185
Net Profit (Loss)	(2,817)	(9,855)	(2,868)	(3247)	1202
<b>Basic (Loss) / Earning per share</b>	<b>(1.12)</b>	<b>(3.93)</b>	<b>(1.14)</b>	<b>(1.30)</b>	<b>0.48</b>



## PATTERN OF SHAREHOLDING

The Pattern of shareholding as at 30 June 2022 is also enclosed along with these financial statements.

## DIRECTORS MEETING

During the year Four (4) meetings of the board of Directors were held, Attendance of each director is as follows:

S. No	Name of Director	Nos. of Meeting
01-	Mr. Nadeem Saulat Siddiqui	03
02-	Mr. Aurangzeb Ali Naqvi	04
03-	Mr. Muhammad Sohail	00
04-	Mr. Aamir Nazir Dhedhi	04
05-	Mr. Muhammad Siddiq Khokhar	04
06-	Ms. Uzma Piracha	04
07-	Mr. Kanwar Adeel Zaman	04

## Future Outlook:

Pakistan is an emerging country as far as tourism is concern especially after the improvement in law and order situation as well as Geo Political situation in the region. The tourism business has very bright future as far as revenue is concern. Pakistan has rich local traditions, has several very famous Archeological and Historical attraction, Natural and Cultural attractions all over the country and Northern area are the key areas in which tourism will flourish in future and to achieve our target are also exploring different options in line of company new principal line of business.

## ACKNOWLEDGEMENT

The Board of Directors wishes to express its pleasure and gratefulness to the shareholders for their support and to all the employees for their ongoing dedication and commitment to the Company.

For and on behalf of the Board



Director




Chief Executive Officer

Karachi: Dated: 4<sup>th</sup> October 2022

# Riaz Ahmad & Company

Chartered Accountants

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Board of Directors  
AKD Hospitality Limited  
618, Continental Trade Centre  
Block 8, Main Clifton  
KARACHI

03 October 2022  
Our reference: A-43-100

Gentlemen

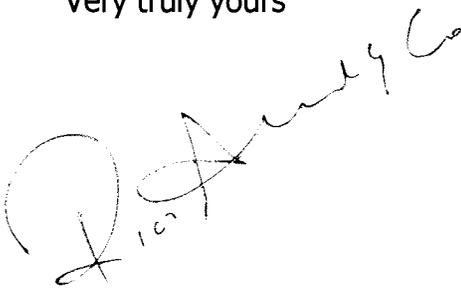
## **STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We are pleased to enclose draft review report to the Members on Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) as applicable to AKD Hospitality Limited Formerly (AKD Capital Limited) for the year ended 30 June 2022. **We shall be glad to sign our review report after we have received the following:**

- Directors' report to be issued with the financial statements;
- Other information to be presented in the financial statements.

Finally, we wish to express our appreciation for the co-operation and courtesy extended to us by the management and other staff members in accomplishing our task.

Very truly yours



## INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of AKD Hospitality Limited**

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

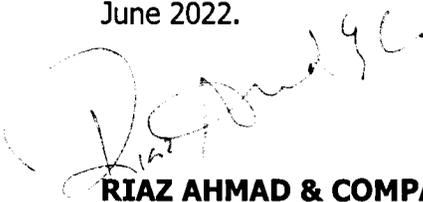
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of AKD Hospitality Limited ("the Company") for the year ended 30 June 2022 in accordance with the requirements of regulation 40 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 2022.

  
**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**KARACHI**

**Date: 04 October 2022**

**UDIN: CR202210045KLxU19yh**



# AKD Hospitality Ltd.

(Formerly AKD Capital Ltd.)

## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

**Name of Company: AKD Hospitality Limited**

**Year ended: 30 June 2022**

The Company has complied with the requirements of the Listed Companies [Code of Corporate Governance] Regulations, 2019 ("the Regulations") in the following manner:

1. The total number of Directors are seven (07) as per the following:
  - a. Male: 6
  - b. Female: 1
2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. M. Siddiq Khokhar Ms. Uzma Piracha
Non-Executive Directors	Mr. Muhammad Sohail Mr. Kanwar Adeel Zaman Mr. Nadeem Saulat Siddiqui Mr. Aamir Nazir Dhedhi
Executive Director	Mr. Aurangzeb Ali Naqvi

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 the '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. 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. Chief Executive Officer and Company secretary are providing services without any remuneration;
9. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
10. The Board has formed committees comprising of members given below:

**a) Audit Committee**

<b>Names</b>	<b>Designation held</b>
Mr. M. Siddiq Khokhar	Chairman
Mr. Kanwar Adeel Zaman	Member
Mr. Aamir Nazir Dhedhi	Member

**b) HR and Remuneration Committee**

<b>Names</b>	<b>Designation held</b>
Ms. Uzma Piracha	Chairperson
Mr. Aamir Nazir Dhedhi	Member
Mr. Siddiq Khokhar	Member

**c) Risk Management Committee**

<b>Names</b>	<b>Designation held</b>
Mr. M. Siddiq Khokhar	Chairman
Mr. Schail Abdul Ghaffar	Member
Mr. Kanwar Adeel Zaman	Member

11. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

**a) Audit Committee**

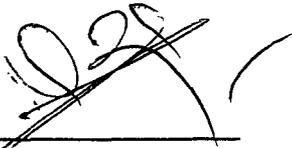
Four quarterly meetings were held during the financial year ended 30 June 2022.

**b) HR and Remuneration Committee**

Meeting of HR and Remuneration Committee was held during the financial year ended 30 June 2022.



12. The Board has set up an internal audit function, qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
13. 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;
14. 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;



**Nadeem Saulat Siddiqui**  
**Chairman**



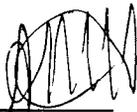
26 September 2022  
KARACHI

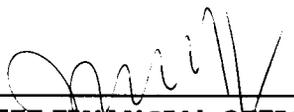
**AKD HOSPITALITY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	Note	2022 Rupees	2021 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	6	1,092,155	1,231,840
Right-of-use assets	7	237,639	475,277
Long-term investments	8	20,390,000	39,001,674
Long-term deposit	9	20,000	20,000
		<u>21,739,794</u>	<u>40,728,791</u>
<b>CURRENT ASSETS</b>			
Trade debts	10	2,500,000	2,400,000
Advance and prepayments		41,646	48,557
Other receivable	11	351,845	-
Advance income tax		2,327,190	912,487
Bank balances		178,768	526,155
		<u>5,399,449</u>	<u>3,887,199</u>
<b>TOTAL ASSETS</b>		<u><u>27,139,243</u></u>	<u><u>44,615,990</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 100,000,000 (2021: 100,000,000) ordinary shares of Rupees 10 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up share capital	12	25,072,733	25,072,733
Reserves	13	(12,471,261)	6,969,855
<b>TOTAL EQUITY</b>		<u>12,601,472</u>	<u>32,042,588</u>
<b>NON CURRENT LIABILITIES</b>			
Lease liability	14	-	260,613
Deferred tax liability	20	185,422	1,695,252
		<u>185,422</u>	<u>1,955,865</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	3,028,491	2,624,121
Short term borrowing	16	6,350,001	4,450,001
Provision for taxation		1,696,283	559,533
Current & overdue portion of lease liability	14	800,612	506,920
Unclaimed dividend		2,476,962	2,476,962
		<u>14,352,349</u>	<u>10,617,537</u>
<b>TOTAL LIABILITIES</b>		<u><u>27,139,243</u></u>	<u><u>44,615,990</u></u>
Contingencies and commitments	17		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>27,139,243</u></u>	<u><u>44,615,990</u></u>

The annexed notes from 01 to 29 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

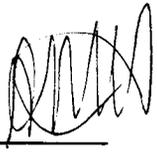
  
 CHIEF FINANCIAL OFFICER

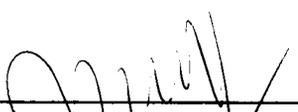
**AKD HOSPITALITY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	2022	2021
Note	Rupees	Rupees
<b>INCOME</b>		
Consultancy income	-	2,400,000
<b>EXPENSES</b>		
Administrative and general expenses	(4,326,491)	(8,413,668)
Allowance for expected credit losses	(1,000,000)	(4,451,084)
	<u>(5,326,491)</u>	<u>(12,864,752)</u>
	(5,326,491)	(10,464,752)
Other income	2,500,000	1,284,533
Financial charges	(33,079)	(54,618)
<b>LOSS BEFORE TAXATION</b>	<u>(2,859,570)</u>	<u>(9,234,837)</u>
Taxation	42,437	(620,219)
<b>LOSS AFTER TAXATION</b>	<u>(2,817,133)</u>	<u>(9,855,056)</u>
<b>OTHER COMPREHENSIVE (LOSS) / INCOME</b>		
<b>Items that will not be reclassified subsequently to profit &amp; loss:</b>		
- Unrealized (loss) / gain arising on remeasurement of investments at 'fair value through other comprehensive income'	(16,762,266)	18,161,194
- Current tax related adjustment	(1,216,750)	-
- Deferred tax related adjustment	1,355,033	(1,355,033)
<b>Items that may be reclassified subsequently to profit and loss</b>	-	-
<b>Other comprehensive (loss)/ income for the year</b>	<u>(16,623,983)</u>	<u>16,806,161</u>
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME</b>	<u>(19,441,116)</u>	<u>6,951,105</u>
<b>LOSS PER SHARE - BASIC AND DILUTED</b>	<u>(1.12)</u>	<u>(3.93)</u>

The annexed notes from 01 to 29 form an integral part of these financial statements.

  
 \_\_\_\_\_  
**CHIEF EXECUTIVE OFFICER**

  
 \_\_\_\_\_  
**DIRECTOR**

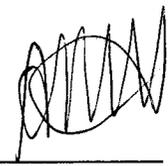
  
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**CHIEF FINANCIAL OFFICER**

**AKD HOSPITALITY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2022**

Description	Issued, subscribed and paid-up share capital	Reserves					Sub Total	Total Equity
		Capital Reserves		Revenue Reserves				
		Share premium	Fair value reserve on 'Fair value through other comprehensive income' investments	General Reserve	Accumulated Loss			
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees		
<b>Balance as at 30 June 2020</b>	25,072,733	20,891,600	(7,320,927)	752,000	(14,303,923)	18,750	25,091,483	
Loss for the year	-	-	-	-	(9,855,056)	(9,855,056)	(9,855,056)	
Other comprehensive loss	-	-	16,806,161	-	-	16,806,161	16,806,161	
Total comprehensive income for the year	-	-	16,806,161	-	(9,855,056)	6,951,105	6,951,105	
<b>Balance as at 30 June 2021</b>	<b>25,072,733</b>	<b>20,891,600</b>	<b>9,485,234</b>	<b>752,000</b>	<b>(24,158,979)</b>	<b>6,969,855</b>	<b>32,042,588</b>	
Loss for the year	-	-	-	-	(2,817,133)	(2,817,133)	(2,817,133)	
Other comprehensive income	-	-	(16,623,983)	-	-	(16,623,983)	(16,623,983)	
Total comprehensive loss for the year	-	-	(16,623,983)	-	(2,817,133)	(19,441,116)	(19,441,116)	
Gain realized on disposal of investment in equity instrument at FVTOCI	-	-	(8,517,251)	-	8,517,251	-	-	
<b>Balance as at 30 June 2022</b>	<b>25,072,733</b>	<b>20,891,600</b>	<b>(15,656,000)</b>	<b>752,000</b>	<b>(18,458,861)</b>	<b>(12,471,261)</b>	<b>12,601,472</b>	

The annexed notes from 01 to 29 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**AKD HOSPITALITY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**AS AT 30 JUNE 2022**

Note	2022 Rupees	2021 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	<b>(2,859,570)</b>	(9,234,837)
<b>Adjustments for non cash items:</b>		
Allowance for expected credit loss	<b>1,000,000</b>	4,451,084
Reversal of allowance for expected credit loss	-	(1,284,533)
Depreciation	<b>377,323</b>	397,719
Finance cost	<b>33,079</b>	54,618
Operating cash used before working capital changes	<b>(1,449,168)</b>	(5,615,949)
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Trade debts	<b>(1,100,000)</b>	1,100,000
Advance and prepayments	<b>6,911</b>	30,777
Other receivables	<b>(351,845)</b>	-
<b>Increase in current liabilities</b>		
Trade and other payables	<b>404,370</b>	680,450
	<b>(1,040,564)</b>	1,811,227
<b>Net working capital changes</b>	<b>(2,489,732)</b>	(3,804,722)
Income tax paid	<b>(1,607,063)</b>	(280,360)
<b>Net cash used in operating activities</b>	<b>(4,096,795)</b>	(4,085,082)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investment	<b>(35,948,000)</b>	-
Proceeds from sale of investment	<b>37,797,408</b>	-
<b>Net cash flow from investing activities</b>	<b>1,849,408</b>	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term borrowing obtained from related party	<b>1,900,000</b>	4,450,001
<b>Net cash flow from financing activities</b>	<b>1,900,000</b>	4,450,001
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(347,387)</b>	364,919
Cash and cash equivalents at the beginning of the year	<b>526,155</b>	161,236
<b>Cash and cash equivalents at the end of the year</b>	<b>178,768</b>	526,155

The annexed notes from 01 to 29 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**AKD HOSPITALITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**1. THE COMPANY AND ITS OPERATIONS**

**1.1** AKD Hospitality Limited {"the Company"} was incorporated as a Public Limited Company in the year 1936 under Companies Act, 1913 (Now the Companies Act, 2017). Shares of the Company are quoted on the Pakistan Stock Exchange Limited. During the prior year the Company through special resolution passed in its extra ordinary general meeting held on 01 February 2021 altered the Memorandum of Association by changing its name from "AKD Capital Limited" to "AKD Hospitality Limited" and its principal line of business from "the business of real estate / providing consultancy, projects financing and management, investment in listed securities and to engage in leasing" to "tourism business including hospitality business, motel, destination management services, developing and building tourism attractions and to undertake all ancillary business activities to provide end to end service solutions". The registered office of the Company is situated at 511, fifth floor Continental Trade Center, Clifton, Karachi.

**1.2 GOING CONCERN ASSUMPTIONS**

These financial statements have reported net loss for the year amounting to Rupees 2.817 million. As at 30 June 2022, the Company has accumulated loss of Rupees 18.459 million and current liabilities exceeds current assets by Rupees 8.953 million. The Company's primary commercial operations remained at halt for some years due to economic conditions prevailing in the Country and other ancillary reasons. These factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management, however, is proactively considering new business avenues and looking for different options. The Company came up with a plan to engage itself in the tourism & hospitality business during the prior year and is actively pursuing new business avenues in the current year as well. For this, the Company has changed its principal line of business as disclosed in Note 1.1 on approval from its shareholders and now is in the process to finalize the operational plan.

Further, the Company has in place contract from construction venture for provision of consultancy services as at the reporting date from which lucrative inflows of funds are expected. Furthermore, the sponsor directors and management of the Company are committed to the viable and profitable commercial operations of the Company in the ensuing years and strongly believe that the Company will continue as a going concern. Furthermore, the sponsors of the Company have committed to provide full financial support as and when required needed to meet its obligations. Keeping in view these facts, these financial statements have been prepared on going concern basis.

These financial statements, therefore, have been prepared on going concern basis and do not include any adjustment relating to the realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

**2. BASIS OF PREPARATION**

**2.1 Statement of Compliance**

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## **2.2 Accounting convention**

These financial statements have been prepared under the historical cost convention except for the certain financial instruments carried at fair value.

## **2.3 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

## **3. USE OF ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

### **Financial instruments - Fair value**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at reporting date.

### **Useful lives, patterns of economic benefits and impairment**

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with a corresponding effect on the depreciation charge and impairment.

### **Taxation**

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

### **Allowance for expected credit losses**

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to

allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

#### **4. NEW OR AMENDMENTS TO EXISTING STANDARDS / INTERPRETATIONS AND FORTHCOMING REQUIREMENTS**

##### **a) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company**

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2021:

- Amendments to IFRS 16 'Leases' – Covid-19 related rent concessions extended beyond 30 June 2021.
- Interest Rate Benchmark Reform– Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures' and IFRS 16 'Leases'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

##### **b) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company**

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

##### **c) Amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially

applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

**Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement')** effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes')** effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

**Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors')** effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The International Accounting Standards Board (IASB) has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. Effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2022. The amendments also add to IFRS 3 an exception to its requirement for an

entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The above amendments and improvements do not have a material impact on the financial statements.

**d) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

**5. SUMMARY OF ACCOUNTING POLICIES**

**5.1 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss and other comprehensive income during the period in which they are incurred.

**Depreciation**

Depreciation is charged to statement of profit or loss and other comprehensive income applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 6. The Company charges the depreciation on additions from the date when the asset is available for use and on deletions up to the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

**De-recognition**

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included

in the statement of profit or loss and other comprehensive income in the year the asset is de-recognized.

## **5.2 IFRS 16 "Leases"**

### **Right-of-use assets**

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter at the rate mentioned in Note 7. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

### **Lease liabilities**

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, 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 comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

## **5.3 Investments and other financial assets**

### **a) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

## **b) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### **Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

#### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in statement of profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

#### **Fair value through other comprehensive income (FVTOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in the statement of profit or loss and other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

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

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in the statement of profit or

loss and other comprehensive income and presented net within other income / (other expenses) in the period in which it arises.

### **Equity instruments**

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

### **Fair value through other comprehensive income (FVTOCI)**

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

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

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income/ (other expenses) in the statement of profit or loss and other comprehensive income as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

## **5.4 Financial liabilities - Classification and measurement**

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 the statement of profit or loss and other comprehensive income. 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 statement of profit or loss and other comprehensive income. Any gain or loss on de-recognition is also included in profit or loss.

## **5.5 Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

## **5.6 De-recognition of financial assets and liabilities**

### **a) Financial assets**

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.

#### **b) Financial liabilities**

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

#### **5.7 Offsetting of financial instruments**

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

#### **5.8 Trade and other receivables**

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

#### **5.9 Borrowings**

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

#### **5.10 Trade and other payables**

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

#### **5.11 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalent comprise of cash in hand and cash in banks in current and deposit accounts.

#### **5.12 Provisions**

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

## **5.13 Taxation**

### **Current**

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### **Deferred**

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

## **5.14 Revenue from contracts with customers**

### **Revenue recognition:**

#### **a) Rendering of services**

Revenue from a contract to provide services is recognized over time as the services are rendered based on either a fixed price or an hourly rate.

#### **b) Dividend**

Dividend on equity investments is recognized when right to receive the dividend is established.

## **5.15 Impairment of non-financial assets**

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds the recoverable amount. Impairment losses are recognized in the statement of profit or loss and other comprehensive income. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If there is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior year. Such reversal is recognized in the statement of profit or loss and other comprehensive income.

## **5.16 Dividend and other appropriations**

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

## **5.17 Share capital**

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

## **5.18 Foreign currencies transactions and translation**

All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date, while the transaction is foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non monetary items are translated into Pak Rupees at the exchange rates prevailing on the date of transaction or on the date when fair values are determined. The Company charges all the exchanges differences to statement of profit or loss and other comprehensive income.

## **5.19 Earnings per share**

The Company presents basic and diluted earnings per share (EPS) for its stakeholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated if there is any potential dilutive effect on the Company's reported net profits.

## 6. PROPERTY AND EQUIPMENT

Description	Furniture & fixtures	Office equipment	Computer equipment	Vehicles	Lockers	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>At 30 June 2020</b>						
Cost	3,991,830	1,622,644	1,878,265	5,122,500	41,500	12,656,739
Accumulated depreciation	(3,155,371)	(1,271,280)	(1,871,472)	(4,929,457)	(37,238)	(11,264,818)
Net book value	<u>836,459</u>	<u>351,364</u>	<u>6,793</u>	<u>193,043</u>	<u>4,262</u>	<u>1,391,921</u>
<b>Year ended 30 June 2021</b>						
Opening net book value	836,459	351,364	6,793	193,043	4,262	1,391,921
Addition - at cost	-	-	-	-	-	-
Depreciation charged	(83,646)	(35,136)	(2,264)	(38,609)	(426)	(160,081)
Closing net book value	<u>752,813</u>	<u>316,228</u>	<u>4,529</u>	<u>154,434</u>	<u>3,836</u>	<u>1,231,840</u>
<b>At 30 June 2021</b>						
Cost	3,991,830	1,622,644	1,878,265	5,122,500	41,500	12,656,739
Accumulated depreciation	(3,239,017)	(1,306,416)	(1,873,736)	(4,968,066)	(37,664)	(11,424,899)
Net book value	<u>752,813</u>	<u>316,228</u>	<u>4,529</u>	<u>154,434</u>	<u>3,836</u>	<u>1,231,840</u>
<b>Year ended 30 June 2022</b>						
Opening net book value	<b>752,813</b>	<b>316,228</b>	<b>4,529</b>	<b>154,434</b>	<b>3,836</b>	<b>1,231,840</b>
Addition - at cost	-	-	-	-	-	-
Depreciation charged	(75,281)	(31,623)	(1,510)	(30,887)	(384)	(139,685)
Closing net book value	<u>677,532</u>	<u>284,605</u>	<u>3,019</u>	<u>123,547</u>	<u>3,452</u>	<u>1,092,155</u>
<b>At 30 June 2022</b>						
Cost	<b>3,991,830</b>	<b>1,622,644</b>	<b>1,878,265</b>	<b>5,122,500</b>	<b>41,500</b>	<b>12,656,739</b>
Accumulated depreciation	<b>(3,314,298)</b>	<b>(1,338,039)</b>	<b>(1,875,246)</b>	<b>(4,998,953)</b>	<b>(38,048)</b>	<b>(11,564,584)</b>
Net book value	<u><b>677,532</b></u>	<u><b>284,605</b></u>	<u><b>3,019</b></u>	<u><b>123,547</b></u>	<u><b>3,452</b></u>	<u><b>1,092,155</b></u>
<b>Depreciation rate</b>	<b>10%</b>	<b>10%</b>	<b>33.33%</b>	<b>20%</b>	<b>10%</b>	

6.1 Depreciation is charged to administrative and general expenses (Note 18).

7. Right of use Assets	Note	2022 Rupees	2021 Rupees
Cost		712,915	712,915
Accumulated depreciation		<u>(475,276)</u>	<u>(237,638)</u>
Net book value		<u>237,639</u>	<u>475,277</u>
<b>Movement in right of use asset:</b>			
Opening net book value		475,277	-
Recognised during the year under IFRS-16		-	712,915
Depreciation charges		<u>(237,638)</u>	<u>(237,638)</u>
Closing net book value		<u>237,639</u>	<u>475,277</u>
<b>Annual rate of depreciation (%)</b>		<b>33.33%</b>	33.33%

The Company's right to use on premise represent office premise obtained under lease arrangement. The principal terms and conditions of these lease arrangement are as follows:

7.1 Office Premises	Lessor Name	Lease Start date	Lease Tenure	Extension option	Available years of extension
Office No. 511 5th floor, Continental Trade Centre, Clifton Karachi	Mr. Aqeel Karim Dhedhi	01-Jul-20	3 years	Not defined	N/A

## 8. LONG-TERM INVESTMENTS (Equity instruments)

**Investment in equity securities - at 'fair value through other comprehensive income'**

### Related parties

#### AKD REIT Management Company Limited - unquoted

10,000 (2021: 10,000) fully paid ordinary shares of Rupees 10 each. Equity held 0.1% (2021: 0.1%) & Cost of Rupees 100,000 (2021: Rupees 100,000)

8.1

-

-

#### Creek Developers (Private) Limited - unquoted

9,800 (2021: 9,800) fully paid ordinary shares of Rupees 10 each. Equity held 0.01% (2021: 0.01%) & Cost of Rupees 98,000 (2021: Rupees 98,000)

8.2

98,000

98,000

### Others

#### Cnergyico Pk Limited - quoted

3,800,000 (2021: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 0.07% (2021: Nil) and Cost of Rupees 35,948,000 (2021: Nil)

20,292,000

<b>Javedan Corporation Limited - quoted</b>	<b>Note</b>	<b>2022 Rupees</b>	<b>2021 Rupees</b>
Nil (2021: 921,888) fully paid ordinary shares of Rupees 10 each. Equity held Nil (2021: 0.3%) & Cost of Rupees Nil (2021: Rupees 28,063,407)		-	38,903,674
		<b><u>20,390,000</u></b>	<b><u>39,001,691</u></b>

**8.1** Investment in AKD REIT Management Company Limited has been fully provided in prior years. This Company is required to seek prior approval from Securities & Exchange Commission of Pakistan before disposing of this investment.

**8.2** This represents investment in the ordinary shares of Creek Developers (Private) Limited (CDPL) that is in the process of building towers. CDPL is currently classified as a level 3 financial assets and is measured at fair value on reporting dates. However due to volatility in the underlying assumptions relevant to the valuation, there is a wide range of possible fair value measurement and cost is considered to represent the best estimate of fair value within that range. This Company is required to seek prior approval from Defense Housing Authority before disposing of this investment.

## **9. LONG-TERM DEPOSIT**

Deposit with Pakistan Telecommunication Company Limited

9.1 **20,000** **20,000**

**9.1** This represents amount deposited with Pakistan Telecommunication Company Limited (PTCL) as security deposit at the time of connection in 2003. The fair value and expected credit loss adjustment in accordance with requirements of IFRS 9 "Financial Instruments" in respect of long term deposits is not considered material and hence not recognized.

## **10. TRADE DEBTS**

### **Related party- Unsecured**

R.A. Enterprises

10.1 **7,700,833** **6,600,833**

Less: Allowance for expected credit loss

As at 01 July 2021

<b>4,200,833</b>	5,485,366
------------------	-----------

Recognized during the year

<b>1,000,000</b>	-
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Reversal made during the year

-	(1,284,533)
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As at 30 June 2022

<b><u>5,200,833</u></b>	<u>4,200,833</u>
-------------------------	------------------

<b><u>2,500,000</u></b>	<u>2,400,000</u>
-------------------------	------------------

**10.1** As at 30 June 2022, trade debts due (net of allowance for expected credit loss) due from the related party amounting to Rupees 2.5 million (2021: Rupees 2.4 million) were past due but not impaired. The aging analysis of these trade debts (net of allowance for expected credit loss) is as follows:

Upto 1 month

-

1 to 6 months

**500,000** 1,000,000

6 months to 1 year

**2,000,000** 1,400,000

**2,500,000** 2,400,000

**10.2** As at 30 June 2022, trade debts due from the related party amounting to Rupees 5.201 million (2021: Rupees 4.201 million) were impaired and provided for. The ageing of these trade debts were of more than 365 days.

- 10.3 The maximum aggregate amount receivable from related parties at the end of any month during the year was Rupees 7.701 million (2021: Rupees 9.101 million).

11. OTHER RECEIVABLE	Note	2022 Rupees	2021 Rupees
<b>Related Parties - Unsecured</b>			
Creek Developers (Private) Limited (CDPL)	11.1	4,451,084	4,451,084
AKD Securities Limited	11.3	351,845	-
		<u>4,802,929</u>	<u>4,451,084</u>
Less: Allowance for expected credit loss			
As at 01 July 2021		(4,451,084)	-
Recognized during the year		-	(4,451,084)
As at 30 June 2022		<u>(4,451,084)</u>	<u>(4,451,084)</u>
		<u>351,845</u>	<u>-</u>

11.1 This represents the balance receivable of allocated share of common expenses.

11.2 The maximum aggregate amount receivable from CDPL at the end of any month during the year was Rupees 4.451 million (2021: Rupees 4.451 million) were impaired and provided for. The ageing of this receivable were of more than 365 days.

11.3 The maximum aggregate amount receivable from AKD Securities Limited at the end of any month during the year was Rupees 0.352 million (June 2021: Nil) were good and not due.

## 12. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2022 (Number of shares)	2021 (Number of shares)		
	2,138,681	2,138,681	Ordinary shares of Rupees 10 each fully paid in cash.	21,386,810
	368,311	368,311	Ordinary shares of Rupees 10 each issued as fully paid bonus shares.	3,683,110
	479	479	Ordinary shares of Rupees 10 each forfeited.	2,813
	<u>2,507,471</u>	<u>2,507,471</u>		<u>25,072,733</u>

12.1 Ordinary shares of the Company held by the associates companies are as under:

	Number of shares	
AKD Securities Limited	57,290	57,290
Aqeel Karim Dhedhi Securities (Private) Limited-Staff Provident Fund	249,000	249,000
	<u>306,290</u>	<u>306,290</u>

## 13. RESERVES

Composition of reserves is as follows:

### Capital reserves

Share premium	13.1	20,891,600	20,891,600
Fair value reserve		(15,656,000)	9,485,234
		<u>5,235,600</u>	<u>30,376,834</u>

### Revenue reserves

General reserve		752,000	752,000
Accumulated loss		(18,458,861)	(24,158,979)
		<u>(17,706,861)</u>	<u>(23,406,979)</u>
		<u>(12,471,261)</u>	<u>6,969,855</u>

- 13.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

14. LEASE LIABILITY	Note	2022 Rupees	2021 Rupees
Balance as at 01 July 2021		767,533	-
Addition during the year under IFRS 16		-	712,915
Finance cost		33,079	54,618
Less: payment made during the year		-	-
		<b>800,612</b>	767,533
Overdue portion shown under current liabilities		<b>(540,000)</b>	(270,000)
Current portion shown under current liabilities		<b>(260,612)</b>	(236,920)
Non current portion		-	260,613

- 14.1 Taxes, repairs and insurance costs are to be borne by the Company. In case of early termination of lease of office premise a notice for termination shall be provided 3 months before the expected termination.

- 14.2 The amount of future payments of the lease and the period in which these payments will become due are as follows:

	2022		
	Minimum lease commitment	Future finance cost	Future value of lease liability
Overdue Portion	540,000	-	540,000
Not later than one year	270,000	9,387	260,612
Later than one year but not later than five years	-	-	-
	<b>810,000</b>	<b>9,387</b>	<b>800,612</b>

	2021		
	Minimum lease commitment	Future finance cost	Future value of lease liability
Overdue Portion	270,000	-	270,000
Not later than one year	270,000	33,080	236,920
Later than one year but not later than five years	270,000	9,387	260,613
	<b>810,000</b>	<b>42,467</b>	<b>767,533</b>

#### 15. TRADE AND OTHER PAYABLES

Accrued liabilities	1,127,788	1,038,363
Payable to AKD Securities Limited - related party	1,287,590	915,783
Withholding tax payable	318,591	375,453
Provision for workers welfare fund	294,522	294,522
	<b>3,028,491</b>	<b>2,624,121</b>

<b>16. Short term borrowing</b>	<b>Note</b>	<b>2022 Rupees</b>	<b>2021 Rupees</b>
Loan from related party		<u><b>6,350,001</b></u>	<u>4,450,001</u>

**16.1** This represents interest free loan obtained from AKD Group Holdings Private Limited, a related party. The loan is payable on demand.

## **17. CONTINGENCIES AND COMMITMENTS**

### **17.1 Contingencies**

a) The Company written back some old liabilities during the prior years aggregately amounting to Rupees 228,546. In case of demand from creditor in future, the Company will be liable to pay them off.

### **17.2 Commitments**

There were no commitments as at the reporting date (2021: Nil).

## **18. ADMINISTRATIVE AND GENERAL EXPENSES**

Salaries and benefits	18.1	<b>1,165,200</b>	1,361,347
Director's meeting fee		<b>271,000</b>	145,000
Education & training - Director		-	537,075
Printing and stationery		<b>17,140</b>	20,970
Postage and telegram		<b>1,000</b>	1,510
Fees, taxes and subscription		<b>687,651</b>	2,457,782
Legal and professional		<b>604,080</b>	1,783,740
Advertisement and publicity		<b>156,300</b>	488,768
Entertainment		<b>159,737</b>	164,172
Penalty		<b>70,000</b>	100,070
Auditors' remuneration	18.2	<b>747,900</b>	747,900
Depreciation	6 & 7	<b>377,323</b>	397,719
Office expenses		<b>400</b>	141,567
Repair and maintenance		<b>64,800</b>	64,800
Bank charges		<b>3,960</b>	1,248
		<u><b>4,326,491</b></u>	<u>8,413,668</u>

### **18.1 Remuneration of Directors and Executives**

No remuneration have been paid to Chief Executive Officer and Company's secretary during the year (2021: Nil).

<b>18.2 Auditors' remuneration</b>	<b>Note</b>	<b>2022 Rupees</b>	<b>2021 Rupees</b>
Audit fee		<b>440,000</b>	440,000
Half yearly review fee		<b>130,000</b>	130,000
Code of Corporate Governance review fee		<b>41,000</b>	41,000
Other certification		<b>22,000</b>	22,000
Out of pocket expenses		<b>59,500</b>	59,500
Sindh Sales tax @ 8%		<b>55,400</b>	55,400
		<b><u>747,900</u></b>	<u>747,900</u>

## 19. OTHER INCOME

This represents the consultancy services rendered to a related party till the reporting date in respect of infrastructure designing of the construction projects.

## 20. TAXATION

Current tax	<b>20.1</b>	<b>200,000</b>	280,000
Prior year		<b>(87,640)</b>	-
Deferred tax	<b>20.2</b>	<b>(154,797)</b>	340,219
		<b><u>(42,437)</u></b>	<u>620,219</u>

### 20.1 Current Tax

The Company has taxable loss for the year. The charge for current taxation is based on minimum tax chargeable under section 153(3)(b) of Income Tax Ordinance, 2001 after taking into account applicable tax credits, rebates and exemption available if any.

### 20.2 Deferred tax liability

#### Deferred tax on:

Deductible temporary differences

- Liabilities subject to lease
- Provision for expected credit Loss
- Fair value adjustment relating to investment at FVTOCI

<b>163,262</b>	84,754
<b>1,508,242</b>	-
<b>1,957,000</b>	-
<b><u>3,628,504</u></b>	<u>84,754</u>

Taxable temporary differences

- Fair value adjustment relating to investment at FVTOCI
- Depreciation on property and equipment

-	(1,355,033)
<b>(185,422)</b>	(202,389)
<b><u>(185,422)</u></b>	<u>(1,557,422)</u>

As at 30 June

- Available tax losses

<b>3,443,082</b>	(1,472,667)
<b>2,284,501</b>	1,869,721
<b><u>5,727,583</u></b>	<u>397,053</u>

As at 01 July 2021

- Asset available for the year
- Deferred tax asset not recognised
- Deferred tax liability recognised
- Charge for the year

**20.4**

<b>1,695,252</b>	-
<b>5,727,583</b>	(397,053)
<b><u>(5,913,005)</u></b>	<u>2,092,305</u>
<b>(185,422)</b>	1,695,252
<b><u>1,509,830</u></b>	<u>1,695,252</u>

<b>20.3 Movement of deferred tax liability</b>	<b>Note</b>	<b>2022 Rupees</b>	<b>2021 Rupees</b>
Opening balance		<b>1,695,252</b>	-
Charged for the year to :			
Profit and loss		<b>(154,797)</b>	340,219
Comprehensive income		<b>(1,355,033)</b>	1,355,033
		<b>(1,509,830)</b>	1,695,252
Closing balance		<b>185,422</b>	1,695,252

**20.4** Deferred tax asset has not been recognized as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

**20.5 Relationship between tax expense and accounting loss:**

Accounting loss before taxation		<b>(2,859,570)</b>	(9,234,837)
Tax @ 29% (2021: 29%)		<b>(829,275)</b>	(2,678,103)
Effect of:			
Accelerated depreciation		<b>16,967</b>	18,568
Leased assets		<b>78,508</b>	84,754
Reversal of allowance for expected credit loss		-	(372,515)
Allowance for expected credit loss		<b>290,000</b>	1,290,814
Minimum tax		<b>643,800</b>	1,936,481
	20	<b>200,000</b>	280,000

**21. LOSS PER SHARE - BASIC AND DILUTED**

There is no dilutive effect on the basic loss per share of the Company which is based on:

Loss for the year ( <b>Rupees</b> )	<b>(2,817,133)</b>	(9,855,056)
Weighted average number of ordinary shares ( <b>Number</b> )	<b>2,507,471</b>	2,507,471
Loss per share - basic & diluted ( <b>Rupees</b> )	<b>(1.12)</b>	(3.93)

**22. Reconciliation of movement of liability to cash flows arising from financing activities:**

**Short term borrowing**

As at 01 July	<b>4,450,001</b>	4,450,001
Amount received	<b>1,900,000</b>	-
Amount paid	-	-
As at 30 June	<b>6,350,001</b>	4,450,001

## 23. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances (gross of expected credit losses) with related parties are as follows:

Related party	Relationship with the Company	Nature of transaction and balances	2022 Rupees	2021 Rupees
i. AKD Securities Limited	Common directorship and 2.28% shareholding	Expenses credited	<u>371,807</u>	<u>383,864</u>
		Paid/adjusted during the year	<u>-</u>	<u>(16,800)</u>
		Balance at year end	<u>1,287,590</u>	<u>915,783</u>
ii. Creek Developers (Private) Limited	Common directorship and 0.01% shareholding	Expenses debited	<u>-</u>	<u>-</u>
		Balance at year end	<u>4,451,084</u>	<u>4,451,084</u>
iii. R.A. Enterprises	Sponsor's interest	Consultancy fee	<u>2,500,000</u>	<u>2,400,000</u>
		Collection during the year	<u>1,400,000</u>	<u>3,500,000</u>
		Balance at year end	<u>7,700,833</u>	<u>6,600,833</u>
iv. AKD Group Holdings Private Limited	Common directorship	Balance payable	<u>6,350,001</u>	<u>4,450,001</u>

## 24. FINANCIAL RISK MANAGEMENT

### 24.1 Financial risk factors

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

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

#### a) Market risk

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to this risk because there were no receivables and payables in any foreign currency as at the reporting date. Moreover, no transactions were carried out in any foreign currency during the year.

Sensitivity analysis of functional currency at reporting date is not required due to nil foreign currency nominated financial assets and liabilities at the reporting date.

##### (ii) Other price risk

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

## Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Company's loss after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation		Impact on equity (fair value reserve)	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
KSE 100 (5% increase)	-	-	<b>1,019,500</b>	1,950,085
KSE 100 (5% decrease)	-	-	<b>(1,019,500)</b>	(1,950,085)

### (iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest bearing assets and liabilities at the reporting date.

### b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Long term investments	<b>20,390,000</b>	39,001,674
Long-term deposit	<b>20,000</b>	20,000
Trade debts	<b>2,500,000</b>	2,400,000
Other receivables	<b>351,845</b>	-
Bank balances	<b>178,768</b>	526,155
	<b><u>23,440,613</u></b>	<u>41,947,829</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating				
	Short Term	Long Term	Agency		
MCB Bank Limited	A1+	AAA	PACRA	<b>27,635</b>	373,209
United Bank Limited	A-1+	AAA	VIS	<b>4,179</b>	4,179
Bank Al-Habib Limited	A1+	AAA	PACRA	<b>146,954</b>	148,767
				<b><u>178,768</u></b>	<u>526,155</u>

<b>Investments</b>				<b>2022 Rupees</b>	<b>2021 Rupees</b>
Creek Developers (Private) Limited	Unrated		-	<b>98,000</b>	98,000
Javedan Corporation Limited	A-1	A+	VIS	-	38,903,674
Cnergyico Pk Limited - quoted	A2	A-	PACRA	<b>20,292,000</b>	-
				<b><u>20,390,000</u></b>	<b><u>39,001,674</u></b>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

### c) **Liquidity risk**

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

The Company manages liquidity risk by maintaining sufficient bank balance other liquid assets. At 30 June 2022, the Company had Rupees 0.177 million (2021: 0.526 million) bank balance. Furthermore, the Company has support from related parties and can raise fund if need arises. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

#### **Contractual maturities of financial liabilities as at 30 June 2022**

	<b>Carrying Amount</b>	<b>Contractual Cash Flows</b>	<b>06 month or less</b>	<b>06 months to 12 months</b>	<b>More than 01 year</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Trade and other payables	<b>2,415,378</b>	<b>2,415,378</b>	<b>2,415,378</b>	-	-
Short term borrowing	<b>6,350,001</b>	<b>6,350,001</b>	<b>6,350,001</b>	-	-
Liabilities against lease	<b>800,612</b>	<b>810,000</b>	<b>675,000</b>	<b>135,000</b>	-
Unclaimed dividend	<b>2,476,962</b>	<b>2,476,962</b>	<b>2,476,962</b>	-	-
	<b><u>12,042,953</u></b>	<b><u>12,052,341</u></b>	<b><u>11,917,341</u></b>	<b><u>135,000</u></b>	<b><u>-</u></b>

## Contractual maturities of financial liabilities as at 30 June 2021

	Carrying Amount	Contractual Cash Flows	06 month or less	06 months to 12 months	More than 01 year
	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payable	1,954,146	1,954,146	1,954,146	-	-
Short term borrowing	4,450,001	4,450,001	4,450,001	-	-
Liabilities against lease	767,533	810,000	405,000	135,000	270,000
Unclaimed dividend	2,476,962	2,476,962	2,476,962	-	-
	<u>9,648,642</u>	<u>9,691,109</u>	<u>9,286,109</u>	<u>135,000</u>	<u>270,000</u>

## 24.2 Recognized fair value measurements - financial assets

### (i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table:

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at 30 June 2022	Rupees	Rupees	Rupees	Rupees
Investments at 'fair value through other comprehensive income'	<u>20,292,000</u>	-	<u>98,000</u>	<u>20,390,000</u>
<b>As at 30 June 2021</b>				
Investments at 'fair value through other comprehensive income'	<u>38,903,674</u>	-	<u>98,000</u>	<u>39,001,674</u>

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

#### (ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments and the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

#### 24.3 Recognized fair value measurements - non-financial assets

There were no any non-financial assets as at 30 June 2022 (2021: Nil) for the recognized fair value measurement.

#### 24.4 Financial instruments by categories

As at 30 June 2022	At 'fair value through other comprehensive income	At amortized cost	Total
	Rupees	Rupees	Rupees
<b>Assets as per statement of financial position</b>			
Long-term investments	20,390,000	-	20,390,000
Long-term deposit	-	20,000	20,000
Trade debts	-	2,500,000	2,500,000
Advances	-	40,000	40,000
Other receivable	-	351,845	351,845
Bank balances	-	178,768	178,768
	<b>20,390,000</b>	<b>3,090,613</b>	<b>23,480,613</b>

	At 'fair value through other comprehensive income'	At amortized cost	Total
	Rupees	Rupees	Rupees
<b>Liabilities as per statement of financial position</b>			
Trade and other payables	-	2,415,378	2,415,378
Short term borrowing	-	6,350,001	6,350,001
Lease liabilities	-	800,612	800,612
Unclaimed dividend	-	2,476,962	2,476,962
	-	12,042,953	12,042,953

**As at 30 June 2021**

	At 'fair value through other comprehensive income'	At amortized cost	Total
	Rupees	Rupees	Rupees
<b>Assets as per statement of financial position</b>			
Long-term investments	39,001,674	-	39,001,674
Long-term deposit	-	20,000	20,000
Trade debts	-	2,400,000	2,400,000
Advances	-	44,630	44,630
Other receivables	-	-	-
Bank balances	-	526,155	526,155
	39,001,674	2,990,785	41,992,459

**Liabilities as per statement of financial position**

Trade and other payables	-	1,954,146	1,954,146
Short term borrowing	-	4,450,001	4,450,001
Lease liabilities	-	767,533	767,533
Unclaimed dividend	-	2,476,962	2,476,962
	-	9,648,642	9,648,642

**Reconciliation to the line items presented in the financial position is as follows:**

	Financial assets	Non-financial assets	Total as per financial position
	Rupees	Rupees	Rupees
<b>As at 30 June 2022</b>			
<b>Assets as per balance sheet</b>			
Property and equipment	-	1,092,155	1,092,155
Right-of-use assets	-	237,639	237,639
Long-term investments	20,390,000	-	20,390,000
Long-term deposit	20,000	-	20,000
Trade debts	2,500,000	-	2,500,000
Advances	40,000	1,646	41,646
Other receivable	351,845	-	351,845
Advance income tax	-	2,327,190	2,327,190
Bank balances	178,768	-	178,768
	23,480,613	3,658,630	27,139,243

**As at 30 June 2022**

Trade and other payables  
Short term borrowing  
Provision for taxation  
Lease liabilities  
Unclaimed dividend

Financial liabilities	Non-financial Liabilities	Total as per financial position
Rupees	Rupees	Rupees
2,415,378	613,113	3,028,491
6,350,001	-	6,350,001
-	1,881,705	1,881,705
800,612	-	800,612
2,476,962	-	2,476,962
<b>12,042,953</b>	<b>2,494,818</b>	<b>14,537,771</b>

**As at 30 June 2021****Assets as per balance sheet**

Property and equipment  
Right-of-use assets  
Long-term investments  
Long-term deposit  
Trade debts  
Advance and prepayments  
Other receivable  
Advance income tax  
Bank balances

Financial assets	Non-financial assets	Total as per financial position
Rupees	Rupees	Rupees
-	1,231,840	1,231,840
-	475,277	475,277
39,001,674	-	39,001,674
20,000	-	20,000
2,400,000	-	2,400,000
40,000	8,557	48,557
-	-	-
-	912,487	912,487
526,155	-	526,155
<b>41,987,829</b>	<b>2,628,161</b>	<b>44,615,990</b>

**As at 30 June 2021**

Trade and other payables  
Short term borrowing  
Provision for taxation  
Lease liabilities  
Unclaimed dividend

Financial liabilities	Non-financial Liabilities	Total as per financial position
Rupees	Rupees	Rupees
1,954,146	669,975	2,624,121
4,450,001	-	4,450,001
-	2,254,785	2,254,785
767,533	-	767,533
2,476,962	-	2,476,962
<b>9,648,642</b>	<b>2,924,760</b>	<b>12,573,402</b>

**24.5 Offsetting financial assets and financial liabilities**

As on reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

**25. CAPITAL RISK MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders and issue new shares or sell assets. The Company's strategy, remained unchanged from last year.

**26. NUMBER OF EMPLOYEES**

The number of employees during the year is as follows:

	2022		2021	
	At year end	Average	At year end	Average
Number of employees	6	6	6	6

**26.1** All employees are hired on temporary contract basis. Therefore, the Company has not so far established any staff retirement benefit scheme. The Company intends to hire permanent employees after the commencement of primary commercial operations.

**27. DATE OF AUTHORIZATION**

These financial statements were approved and authorized for the issue on 04 OCT 2022 by the Board of Directors of the Company.

**28. CORRESPONDING FIGURES**

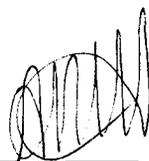
No significant reclassification and rearrangement of the corresponding figures has been made during the year in these financial statements.

**29. GENERAL**

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



\_\_\_\_\_  
**CHIEF EXECUTIVE OFFICER**



\_\_\_\_\_  
**DIRECTOR**



\_\_\_\_\_  
**CHIEF FINANCIAL OFFICER**



# AKD Hospitality Ltd.

(Formerly AKD Capital Ltd.)

## PATTERN OF SHAREHOLDING

### PART-I

(Please complete in typescript or in bold block capitals.)

1.1 Name of the Company

**AKD Hospitality Limited**

### PART-II

2.1. Pattern of holding of the shares held by the shareholders as at

**3 0 0 6 2 0 2 2**

2.2. No of shareholders	Shareholdings	Total shares held
418	shareholding from 1 to 100 shares	9,933
163	shareholding from 101 to 500 shares	53,214
63	shareholding from 501 to 1000 shares	53,763
49	shareholding from 1001 to 5000	110,314
8	shareholding from 5001 to 10000	66,375
3	shareholding from 10001 to 15000	37,662
2	shareholding from 15001 to 20000	36,768
2	shareholding from 20001 to 30000	48,933
1	shareholding from 30001 to 40000	37,968
5	shareholding from 40001 to 95000	308,810
1	shareholding from 95001 to 145000	130,680
1	shareholding from 145001 to 195000	166,340
3	shareholding from 195001 to 695000	698,000
1	shareholding from 695001 to 750000	748,232
	<i>(Add appropriate slabs of shareholdings)</i>	
	<b>Total</b>	<b>2,506,992</b>

2.3	Categories of shareholders	share held	Percentage
2.3.1	Directors, Chief Executive Officer, and their spouse and minor children.	3,500	0.14
2.3.2	Associated Companies, undertakings and related parties.	306,290	12.22
2.3.3	NIT and ICP	0	0.00
2.3.4	Banks Development Financial Institutions, Non-Banking Financial Institutions.	512,901	20.46
2.3.5	Insurance Companies	300	0.01
2.3.6	Modarabas and Mutual Funds	5,900	0.24
2.3.7	Shareholders holding 10%	0	0
2.3.8	General Public		
	a. Local	1,678,101	66.93
	b. Foreign	0	0.00
2.3.9	Others (to be specified)	0	0.00