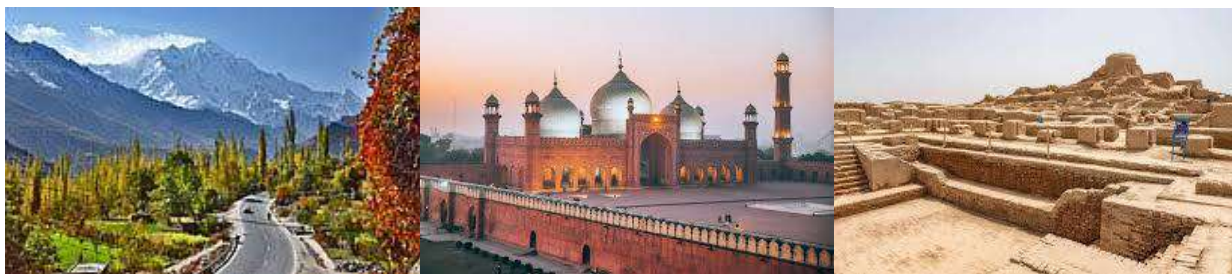




**AKD Hospitality Ltd.**

**Annual Report - 2023**



## **Contents**

1. Company information
2. Vision statement / Mission Statement / Strategy
3. Manuals / TOR / Committees
4. Operating Results
5. Notice of Annual General Meeting
6. Chairman Review
7. Director Report
8. Statement of Compliance
9. Auditor Review Report on statement of compliance
10. Company Code of Conduct
11. Independent Auditors Report
12. Annual Financial Statements
13. Share Holding pattern

## **Company Information**

AKD Hospitality Ltd (AKDHL), prior to that known as AKD Capital Ltd and earlier known as AKD Securities & Safe Deposit Company Limited was incorporated as a Public Limited Company in the Year 1936. The principal line of business of the company shall be to carry on the tourism business including hospitality business, motels, destination management services, developing & building tourism attractions and to undertake all ancillary business activities to provide end to end service solutions. The total number of Directors are seven (07) as per the following:

| <b>Category</b>                                      | <b>Names</b>  |
|--|---|
| Independent Directors<br>(Excluding Female Director) | M. Siddiq Khokhar   |
| Non-Executive Directors                              | Muhammad Sohail<br>Kanwar Adeel Zaman<br>Nadeem Saulat Siddiqui<br>Aamir Nazir Dhedhi |
| Executive Director                                   | Aurangzeb Ali Naqvi   |
| Female Director (Independent Director)               | Uzma Piracha  |

|                         |                                       |
|-------------------------|---------------------------------------|
| Chief Executive Officer | Aurangzeb Ali Naqvi                   |
| Chief Financial Officer | Jawad Yousuf                          |
| Company Secretary       | Muhammad Hammad Manzoor               |
| External Auditor        | Riaz Ahmed & Co. Chartered Acct.      |
| NTN No                  | 1335738-7                             |
| Registration No         | 0000027                               |
| Share Registrar         | C & K management Associate (Pvt) Ltd. |
| Banks                   | MCB / Bank Al-Habib / UBL             |

### **Vision Statement:**

To be the most competitive, focused, quality driven and growth oriented Company in Pakistan.

### **Mission Statement:**

Quality and Profitability with an emphasis on minimizing risk in order to optimize return to Shareholder.

### **Strategy:**

Risk assessment of new venture  
Low risk & High Reward  
Raise capital through new ventures

**Manuals:**

Standard Operating Manual (SOP-Manual)  
Corporate Policy and Procedure Manual  
Internal Audit Manual  
Human Resource Manual  
Purchase Guide Line Manual  
Procurement Policy & Procedure Manual  
Account Payable Manual  
Cash Management Procedure Manual  
General Ledger Procedure Manual  
Fixed Assets Procedure Manual  
Data Management System Manual  
I.T. Policy and Procedure Manual  
Travel Policy Manual  
Business Ethics Policy  
Quality Management System  
Risk Management Manual  
Code of Conduct

**Terms of Reference:**

Human Resource & Remuneration Committee T.O.R  
Audit Committee T.O.R  
Risk Management Committee T.O.R

**Committees:**

Audit Committee  
Human Resource and Remuneration Committee  
Risk Management Committee

**Operating Results:**

| <b>Description</b>                           | <b>30<sup>th</sup> June<br/>2023</b> | <b>30<sup>th</sup> June<br/>2022</b> |
|--|--------------------------------------|--------------------------------------|
| <b><u>Net Profit / (Loss) Before Tax</u></b> | <b><u>(4,785,373)</u></b>            | <b><u>(2,859,570)</u></b>            |
| <b><u>Net Profit / (Loss) After Tax</u></b>  | <b><u>(4,961,829)</u></b>            | <b><u>(2,817,133)</u></b>            |
| <b>Earnings / (Loss) / Share</b>             | <b><u>(1.98)</u></b>                 | <b><u>(1.12)</u></b>                 |



**NOTICE OF ANNUAL GENERAL MEETING (AGM) OF AKD HOSPITALITY LIMITED  
TO BE HELD ON WEDNESDAY 25<sup>th</sup> OCTOBER, 2023 AT 11:00 A.M. AT ITS  
OFFICE 514 - 5<sup>TH</sup> FLOOR CONTINENTAL TRADE CENTRE BLOCK – 8, CLIFTON  
KARACHI**

Notice is hereby given that the Annual General Meeting of the shareholders of AKD Hospitality Limited will be held on **Wednesday 25<sup>th</sup> October 2023, at 11:00 a.m.** at Company office situated at 514 - 5<sup>th</sup> Floor Continental Trade Centre Block – 8 Clifton Karachi to transact the following business:

**ORDINARY BUSINESS**

1. To confirm the minutes of the Annual General Meeting held on October 27, 2022.
2. To receive, consider and adopt the Audited Financial Statements along with the Directors' Report and Auditors' Reports thereon for the year ended 30 June 2023.
3. To appoint Auditors for the ensuing year and to fix their remuneration for the year ending June 30, 2024. The present auditors, M/s Riaz Ahmad and Co, Chartered Accountants, have retired and being eligible, have offered themselves for re-appointment.

The Board of Directors recommends, based on the recommendation of the Board Audit Committee, the appointment of M/s Riaz Ahmad and Co, Chartered Accountants as auditors for the ensuing year.

4. To elect seven (07) directors of the company as fixed by the Board of Directors in accordance with provision of section 159 of the companies' act, 2017 for the period of three years commencing from date of AGM. I.e. October 25, 2023. The retiring directors are;

1. Mr. Nadeem Saulat Siddiqui
2. Mr. Aurangzeb Ali Naqvi
3. Mr. Aamir Nazir Dhedhi
4. Mr. Mohammad Sohail
5. Mr. Muhammad Siddiq Khokhar
6. Ms. Uzma Piracha
7. Mr. Kanwar Adeel Zaman

**OTHER BUSINESS**

5. To transact any other business as may be placed before the meeting with permission of the Chair.

**By Order of the Board**

Date: October 4<sup>th</sup>, 2023

**Muhammad Hammad Manzoor  
Company Secretary**







**Notes:**

- 1.** The individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company/ Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, C & K Management Associates (Pvt) Limited, 404, Trade Towers, Near Hotel Metropole, Abdullah Haroon Road, Karachi.

The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC/ NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779(I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

- 2.** The Share Transfer Books will remain closed from **19<sup>th</sup> October to 25<sup>th</sup> October 2023** (both days inclusive) when no transfer of shares will be accepted for registration.
- 3.** Only those persons, whose names appear in the register of the members of the company as of **18<sup>th</sup> October, 2023** are entitled to attend, participate in, and vote at the Annual General Meeting.
- 4.** Transfers in good order, received at the office of Company's Share Registrar, C & K Management Associates (Pvt) Limited, 404, Trade Towers, Near Hotel Metropole, Abdullah Haroon Road, Karachi on **18<sup>th</sup> October 2023 by 3:00 p.m.** will be considered for entitlement.
- 5.** Shareholders are encouraged to participate in the AGM to consolidate their attendance and participation through proxies.
- 6.** Pursuant to the Companies (Postal Ballot), Regulations, 2018, "**S.R.O. 254 (I)/2018 dated 27<sup>th</sup> February 2018**" for special business and election of directors, where the number contestants are more than the number of directors to be elected, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirement and procedure contained in the aforesaid regulations.
- 7.** Any member who seeks to contest the election of Directors, whether he/she is retiring Director or otherwise, shall file with the company at its registered office not later than fourteen (14) days before the date of meeting, the following documents;







1. Notice of his/her intention to offer himself/herself for elections of directors in terms of Section 159 of the companies' act, 2017.
  2. His/her Folio No. / CDC Investors Account No. / CDC Participant ID No./Sub-Account No.
  3. Consent to act as a Director in Form -28 under section 167 of the companies Act, 2017.
  4. A detailed profile along with the office address and contact information for placement on the Company's website as required under SECP's SRO 1196(I)2019 dated October 03, 2019.
  5. Attested copy of the Valid CNIC / Passport and NTN.
  6. Detail of other directorship(s) and office(s) held.
  7. The candidates are requested to read the relevant provisions / requirements relating to the elections of directors, as stipulated in the companies' act, 2017 and listed companies (code of corporate governance) regulations, 2019, the other applicable laws and regulations and ensure the compliance with the same in letter and spirit.
  8. A declaration confirming that:
    - a) He / she is aware of duties and powers under the relevant applicable, laws, memorandum and article of association of the company, the listed companies (code of corporate governance), regulation 2019 and listing regulations of Pakistan Stock Exchange Limited;
    - b) He / she is not serving as a director in more than seven (7) listed companies simultaneously including as an alternate director;
    - c) He / she is not ineligible to become a director of a listed company under section 153 of the companies' act, 2017 and any other applicable laws and regulations.
- 8.** Independent Director(s) will be elected through the process underlined in terms of section 159 of the Companies Act, 2017, and must meet the criteria laid down in Section 166 of the Companies Act, 2017, and the Companies (Manner and Selection of Independent Directors) Regulations, 2018 "S.R.O. 556 (I)/2018 dated 26<sup>th</sup> April 2018". Accordingly, the following additional documents should be submitted by the candidates intending to contest election of directors as an independent director:
- a. Declaration by Independent Director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulation 2019; and
  - b. Undertaking on non-judicial stamp paper that he/she meet the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018 "S.R.O. 556 (I)/2018 dated 26<sup>th</sup> April 2018".
- 9.** A member of the company entitled to attend and vote may appoint another person on his / her proxy to attend and vote instead of him / her. The instrument appointing proxy must be received at the registered office of the company not less than 48 hours before the time for holding the meeting.







- 10.** An instrument of proxy is being provided with this notice and also refer No.13 –B below.
- 11.** Members having physical shareholding are requested to notify the change in address if any to the Company's Share Registrars, C & K Management Associates (Pvt) Limited, 404, Trade Towers, Near Hotel Metropole, Abdullah Haroon Road, Karachi. (Tel: 021-3568-5930 & 3568-7839)
- 12.** In case share are held CDC, then the request notify the change of address must be submitted directly to broker / participant / CDC investor account Services.
- 13.** Member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another member as his/her proxy to attend, speak and vote on his/her behalf.

CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

**A. For Attending the Meeting:**

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall authenticate his / her original computerized National Identity Card (CNIC) or original passport at the time of attending the meeting;
- ii) In case of corporate entities, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

**B. For Appointing Proxies:**

- 1.** A member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is a Member.
- 2.** The form of proxy, duly completed and signed, must be submitted at the office of the company situated at Suite 514 5<sup>th</sup> Floor, Continental Trade Centre Block 8, Clifton Karachi.
- 3.** The proxy form should be signed by the Member or by his/her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
- 4.** The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
- 5.** Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- 6.** The proxy shall produce his / her original CNIC or original passport at the time of the meeting; and







**C. For CDC Account Holders/Corporate Entities:**

In addition to the above, following requirements have to be met:

- 1.** In case of corporate entities, the board of directors' resolution / power of attorney with specimen signature of the nominee to represent and vote on behalf of the corporate entity shall be submitted along with proxy form to the company.
- 2.** The Proxy form shall be witnessed by two persons whose names, addresses and CNIC Numbers shall be mentioned on the form.
- 3.** Attested copies of CNIC or Passport of the beneficial owners and proxy shall be furnished with the proxy form.
- 4.** The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.

**CONVERSION OF PHYSICAL SHARES INTO CDC ACCOUNT:**

The Securities and Exchange Commission of Pakistan (SECP) through its letter No. CSD/ED/Misc/2016- 639-640 dated March 26, 2021, has advised the listed companies to adhere to the provisions of section 72 of the Companies Act, 2017 which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act.

The shareholders of **AKD Hospitality Limited** having physical folios/share certificates are requested to convert their shares from the physical form into Book-Entry Form as soon as possible. The shareholders may contact their PSX Member, CDC Participant or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent induction of the physical shares into the Book-Entry Form.

It would facilitate the shareholders in many ways including safe custody of shares, no loss of shares, avoidance of formalities required for the issuance of duplicate shares etc.

The shareholders of the Company may contact the Share Registrar C & K Management Associates (Pvt) Limited, 404, Trade Towers, Near Hotel Metropole, Abdullah Haroon Road, Karachi. (Tel: 021-3568-5930 & 3568-7839) for the conversion of physical shares into Book-Entry Form.

**MANDATORY INFORMATION (EMAIL, CNIC, IBAN AND ZAKAT DECLARATION)**

**A.** In compliance with Section 119 of the Companies Act, 2017 and Regulation 19 Companies (General Provisions and Forms) Regulations, 2018 members are requested to immediately provide their mandatory information such as CNIC number, updated mailing address, email, contact mobile/telephone number and International Banking Account Number (IBAN) together with a copy of their CNIC to update our records and to avoid any non-compliance of the law. Otherwise, all dividends will be withheld in terms of Regulation 6 of the Companies (Distribution of Dividends) Regulations, 2017;

For physical shares to C & K Management Associates (Pvt) Limited, 404, Trade Towers, Near Hotel Metropole, Abdullah Haroon Road, Karachi. (Tel: 021-3568-5930 & 3568-7839)







For shares in CDS to C & K Management Associates (Pvt) Limited, 404, Trade Towers, Near Hotel Metropole, Abdullah Haroon Road, Karachi. (Tel: 021-3568-5930 & 3568-7839)

**B.** Members are requested to submit a declaration (CZ-50) as per Zakat & Ushr Ordinance 1980 for zakat exemption and advise a change in address if any.

### **UNCLAIMED DIVIDENDS**

Shareholders, who for any reason, could not claim their dividend are advised to contact our Shares Registrar C & K Management Associates (Pvt) Limited, 404, Trade Towers, Near Hotel Metropole, Abdullah Haroon Road, Karachi. (Tel: 021-3568-5930 & 3568-7839) to collect/enquire about their unclaimed dividends shares if any.

### **FILER AND NON-FILER STATUS**

i) The Government of Pakistan through the Finance Act, 2023 in Section 150 of the Income Tax Ordinance, 2001 prescribed the following rates for withholding tax against dividend payments by the companies;

a) For filers of income tax returns – 15%

b) For non-filers of income tax returns – 30%

Members whose names are not entered into the Active Taxpayers List (ATL) provided on the FBR website, despite the fact that they are filers, are advised to make sure that their names are entered into ATL to avoid higher tax deductions against dividends.

ii) For any query/problem/information, the investors may contact the Share Registrar at the following phone numbers, or email addresses:

Telephone: 021-3568-5930 & 3568-7839

E-mail: [cnk-management@hotmail.com](mailto:cnk-management@hotmail.com)

iii) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Share Registrar i.e. C & K Management Associates (Pvt) Limited, 404, Trade Towers, Near Hotel Metropole, Abdullah Haroon Road, Karachi. (Tel: 021-3568-5930 & 3568-7839).

The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio number

### **STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANY ACT, 2017**

This statement sets out material facts pertaining the following business to be transacted at the Annual General Meeting of AKD Hospitality Limited (the "Company") to be held on 25<sup>th</sup> October 2023.





### **Ordinary business:**

Agenda Item-4. To elect the directors of the company.

### **Election of Directors under Section 166(3) of the companies' act, 2017 (the act)**

The Section 166(3) of the companies' act, 2017 (the act) requires that a statement of material facts is required to be annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing independent directors.

The company is required to have at least two (2) or one third members of the board, whichever is higher, as independent directors under the listed companies (code of corporate governance) regulations, 2019. The independent directors shall also be elected through the process of election of directors in terms of section 159 of the companies' act, 2017.

Accordingly, it will be ensured that the independent directors to be elected must meet the criteria of independence laid down under section 166 of the Act and the companies (Manner and Selection of Independent Directors) Regulations, 2018 "S.R.O. 556 (I)/2018 dated 26<sup>th</sup> April 2018" and his / her name is included in the databank of Independent directors maintained by the Pakistan Institute of Corporate Governance (PICG) or Institute of Chartered Accountants of Pakistan (ICAP) or any other training institute duly authorized by the Securities and Exchange Commission of Pakistan. Further, their selection will be made due to their respective competencies, skill, knowledge and experience.

No directors have direct or indirect interest in the above said business other than as shareholders of the company and they are eligible to contest the election for directorship.







**FORM OF PROXY**  
**ANNUAL GENERAL MEETING**

The Company Secretary  
AKD Hospitality Limited (AKDHL)  
514, 5<sup>th</sup> Floor, Continental Trade Center (CTC),  
Block-8, Clifton, Karachi

I / We \_\_\_\_\_ of in the district of \_\_\_\_\_ being member(s) of "**AKD Hospitality Limited**" and holder of \_\_\_\_\_ ordinary shares as per Registration Folio No./CDC Participant I.D. No./Sub-Account No. \_\_\_\_\_ CNIC No./ Passport No. \_\_\_\_\_ entitled to vote, hereby appoint Mr./Mrs./Miss \_\_\_\_\_ of (full address) \_\_\_\_\_ (being member of the Company) as my/our proxy to attend, act and vote for me/us and on behalf at the Annual General Meeting of the Company to be held on 25<sup>th</sup> October, 2023 and/or at any adjournment thereof.

**Signature:** \_\_\_\_\_  
**Date:** \_\_\_\_\_ 2023

Affix Rs. 5/-  
Revenue  
Stamp

**Witness No. 1:**

Name/Signature: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC: \_\_\_\_\_

**Witness No. 2:**

Name/Signature: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC: \_\_\_\_\_

**Note:**

Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A Proxy holder may not need to be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.





جلد: 17، نمبر: 1445، تاریخ: 21 مئی 2023، قیمت: 10 روپے، شمارہ نمبر: 352 MC-24

اطلاع برائے AKD بااختصاصی تنظیم کا سالانہ اجلاس عام (AGM)

25 مئی 2023 کو 11:00 بجے، چھاپہ پڑھنے کے بعد 514 بی بی میں اجلاس عام تنظیم کے سالانہ اجلاس عام (AGM) کے طور پر منعقد ہوگا۔

- 1. افتتاحی تقریب اور دعوتی خط پڑھنا۔
2. سالانہ رپورٹ اور حساب دہی کی منظوری۔
3. سالانہ رپورٹ اور حساب دہی کی منظوری۔
4. سالانہ رپورٹ اور حساب دہی کی منظوری۔
5. سالانہ رپورٹ اور حساب دہی کی منظوری۔
6. سالانہ رپورٹ اور حساب دہی کی منظوری۔
7. سالانہ رپورٹ اور حساب دہی کی منظوری۔
8. سالانہ رپورٹ اور حساب دہی کی منظوری۔
9. سالانہ رپورٹ اور حساب دہی کی منظوری۔
10. سالانہ رپورٹ اور حساب دہی کی منظوری۔

21

1. افتتاحی تقریب اور دعوتی خط پڑھنا۔
2. سالانہ رپورٹ اور حساب دہی کی منظوری۔
3. سالانہ رپورٹ اور حساب دہی کی منظوری۔
4. سالانہ رپورٹ اور حساب دہی کی منظوری۔
5. سالانہ رپورٹ اور حساب دہی کی منظوری۔
6. سالانہ رپورٹ اور حساب دہی کی منظوری۔
7. سالانہ رپورٹ اور حساب دہی کی منظوری۔
8. سالانہ رپورٹ اور حساب دہی کی منظوری۔
9. سالانہ رپورٹ اور حساب دہی کی منظوری۔
10. سالانہ رپورٹ اور حساب دہی کی منظوری۔

22

1. افتتاحی تقریب اور دعوتی خط پڑھنا۔
2. سالانہ رپورٹ اور حساب دہی کی منظوری۔
3. سالانہ رپورٹ اور حساب دہی کی منظوری۔
4. سالانہ رپورٹ اور حساب دہی کی منظوری۔
5. سالانہ رپورٹ اور حساب دہی کی منظوری۔
6. سالانہ رپورٹ اور حساب دہی کی منظوری۔
7. سالانہ رپورٹ اور حساب دہی کی منظوری۔
8. سالانہ رپورٹ اور حساب دہی کی منظوری۔
9. سالانہ رپورٹ اور حساب دہی کی منظوری۔
10. سالانہ رپورٹ اور حساب دہی کی منظوری۔

23

1. افتتاحی تقریب اور دعوتی خط پڑھنا۔
2. سالانہ رپورٹ اور حساب دہی کی منظوری۔
3. سالانہ رپورٹ اور حساب دہی کی منظوری۔
4. سالانہ رپورٹ اور حساب دہی کی منظوری۔
5. سالانہ رپورٹ اور حساب دہی کی منظوری۔
6. سالانہ رپورٹ اور حساب دہی کی منظوری۔
7. سالانہ رپورٹ اور حساب دہی کی منظوری۔
8. سالانہ رپورٹ اور حساب دہی کی منظوری۔
9. سالانہ رپورٹ اور حساب دہی کی منظوری۔
10. سالانہ رپورٹ اور حساب دہی کی منظوری۔

24

1. افتتاحی تقریب اور دعوتی خط پڑھنا۔
2. سالانہ رپورٹ اور حساب دہی کی منظوری۔
3. سالانہ رپورٹ اور حساب دہی کی منظوری۔
4. سالانہ رپورٹ اور حساب دہی کی منظوری۔
5. سالانہ رپورٹ اور حساب دہی کی منظوری۔
6. سالانہ رپورٹ اور حساب دہی کی منظوری۔
7. سالانہ رپورٹ اور حساب دہی کی منظوری۔
8. سالانہ رپورٹ اور حساب دہی کی منظوری۔
9. سالانہ رپورٹ اور حساب دہی کی منظوری۔
10. سالانہ رپورٹ اور حساب دہی کی منظوری۔

25

1. افتتاحی تقریب اور دعوتی خط پڑھنا۔
2. سالانہ رپورٹ اور حساب دہی کی منظوری۔
3. سالانہ رپورٹ اور حساب دہی کی منظوری۔
4. سالانہ رپورٹ اور حساب دہی کی منظوری۔
5. سالانہ رپورٹ اور حساب دہی کی منظوری۔
6. سالانہ رپورٹ اور حساب دہی کی منظوری۔
7. سالانہ رپورٹ اور حساب دہی کی منظوری۔
8. سالانہ رپورٹ اور حساب دہی کی منظوری۔
9. سالانہ رپورٹ اور حساب دہی کی منظوری۔
10. سالانہ رپورٹ اور حساب دہی کی منظوری۔







# AKD Hospitality Ltd.

## **AKDHL Chairman Review (2022-23).**

It gives me pleasure to present this review report to the stakeholders of AKD Hospitality Limited (AKDHL) On behalf of the Board of Directors, about the overall performance of the Board of Directors (the "Board") and the effectiveness of its role in achieving the objectives of the Company and also present the audited annual financial results of your Company for the year ended June 30, 2023.

Whether you've been running a home or running a business, everyone across the country has felt the pressure of rising costs this year. The Board's focus during the year has been the accelerated transformation of the business, ensuring it is set up for long-term, sustainable success, while navigating through headwinds created by the wider environment.

The global as well as Pakistani hospitality industry started to see green shoots as countries began to relax COVID-19 controls and the Government has eased travel restrictions for international visitors in an orderly manner but Pakistan faced severe macroeconomic challenges that eroded much of the recovery made coming out of the COVID-19 pandemic. During year 2022-23 the economy remained subdued. This was largely on account of continued political polarization, low foreign reserves, supply chain disruptions, effects of floods, rupee devaluation and revision in energy prices, the inflation was recorded at an all-time high resulting the loss per share for the review period was Rs. 1.98 compared to loss per share of Rs.1.12 for the corresponding period in 2022.

The Board is aware of the challenges ahead, but our belief in Pakistan remains unshakeable as we focus our effort towards sustainable growth in hospitality industry which is one of the important indicators for economic growth. The company's business is built on ethics, hard work, and concern for others. The board members believes that contribution to our community has, and always will be, a matrix of our success. We remain dedicated to our core values and strive to maintain long-term relationships with all stakeholders.

We continue to pray to **All Mighty Allah** for the continued success of your Company and the benefit of all stakeholders, as well as for Pakistan in general.

## **Changes to the Board and Committees:**

During the year 2022-23, the no casual vacancy arose. The composition of the Board of Management did not change during the year. The current entire board including CEO will complete its tenure at by end June 2023 and new board will be elected in upcoming Annual General Meeting. The Chairman acknowledge and appreciate the valuable contribution and support of retiring board members.







## **Board Performance**

For over a decade now, the Board has conducted its self-evaluation. The evaluation identified areas for further improvement in line with best business practices. The focus remained on strategic growth, business opportunities, risk management and providing oversight to the management. The Board normally meets at least once every quarter to review operational results.

The Board has performed its duties and responsibilities diligently and contributed effectively to guiding the Company in strategic and governance matters. It also played a key role in the monitoring of management performance and assessing major risk areas. The Board was fully engaged in the strategic planning process and supporting the vision of the Company. The Board will continue to actively monitor core aspects of corporate governance via its Committees. The Audit Committee and the Human Resource & Remuneration Committee were chaired by the independent director, indicating commitment to the highest levels of governance and transparency. Internal Audit department, which stewards a risk-based audit methodology and leads the internal audit function by preparing quarterly reports which are presented to the Board Audit Committee on a quarterly basis.

AKDHL has an effective governance framework in place which complies with the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board and its committees. The Board recognizes that well-defined corporate governance processes are vital to enhancing corporate accountability and is committed to ensuring high standards of corporate governance to preserve and maintain stakeholder value. All Board members, including independent directors, fully participated in, and contributed towards the decision-making process of the Board.

The Board has also constituted Risk Management Committee for further strengthening the governance structure of the Company. The responsibilities as prescribed for the nomination committee are being taken care of at Board level on need basis. In building an effective governance, risk management and control environment, the Board has put in place a transparent and robust system of compliance with best practices of corporate governance and by promoting ethical and fair behavior across the Company, which has been reinforced in the Organization's culture and values through appropriate dissemination of the Code of Conduct.

The Board's overall performance is in line with the developed comprehensive criteria, and found its performance satisfactory.

I am pleased to report that your Company's Board of Directors has continued to provide valuable guidance and oversight to ensure strong governance and to effectively provide encouragement and input to the management throughout the year.







On behalf of AKD Hospitality Ltd (AKDHL), I wish to acknowledge the contribution of the management, all our employees and our valued shareholders, for their confidence, continued support and commitment to the Company.

**Future out Look:**

The financial year 2022-23 presented a range of economic challenges for the global community, and Pakistan was no exception. The major headwinds of that year will quite likely straddle deep into FY 2024. While I anticipate that the economic conditions are likely to remain difficult for FY 2024, I am confident that AKDHL board and management are capable and fully committed to face these challenges with resilience and determination for delivering shareholder value. The noticeable improvements in economic activities and international travel have been observed in various markets and sectors, and consumer confidence is increasingly restoring. In recent months, there have been a marked increase in passenger flight capacity, leading to much improved hospitality related business activities including tourism. Further the political stability, restoration of infrastructure after devastating flood and starting direct International flight to Guilgit are very encouraging signs for hospitality business which will certainly help AKDHL to evaluate the available opportunities to transform its financial status. Pakistan having rich local traditions, archeological and historical attraction, natural and cultural attractions all over the country are the key areas in which tourism will open avenues to explore multiple options in company principal line of business.

Looking ahead, AKD Hospitality Ltd (AKDHL) is committed to contributing to Pakistan's economic prosperity and delivering strong shareholder value by investing in the long-term reliable assets, promoting gender diversity, improving sustainability to reduce its carbon footprint and water conservation. Health and safety of the employee will remain the top priority of the management in addition to protect and safeguard the interests of its shareholders through capitalization on growth opportunities.

With an experienced Board of Directors and committed Management Team, we remain equipped to meet the continuing challenges. All stakeholders' faith in these challenging times will support us to perform and strive for positive results in a difficult business environment.

On behalf of the Board of Directors, I would like to express on my behalf and on behalf of the Board, our sincere gratitude to the regulatory bodies including, Securities and Exchange Commission of Pakistan for their continuous guidance and support.

I am thankful to the board members and company staff for their valuable contribution and also would like to thank all stakeholders for their seamless support.

M. Siddiq Khokhar  
Chairman



Date: 3<sup>rd</sup> October 2023





## **AKD Hospitality Ltd (AKDHL)** **Director's Report year ended June 2023**

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 2023.

AKD Hospitality Ltd (AKDHL) prior to that known as AKD Capital Ltd and earlier it was known as Securities & Safe Deposit Company Limited was incorporated as a Public Limited Company in the Year 1936.

Hospitality is a service industry that includes hotels, motels, tourism agencies, restaurants, bars, lodging, food and drink service, event planning, theme parks, travel and tourism. Our Vision is to be the most competitive, focused, quality driven and growth oriented Company in Pakistan and our mission in terms of quality and profitability with an emphasis on minimizing risk in order to optimize return to Shareholder.

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

The total number of Directors are seven (07) as per the following:

- a. Male: 6
- b. Female: 1

The composition of the Board is as follows:

| <b>Category</b>                                      | <b>Names</b>  |
|--|---|
| Independent Directors<br>(Excluding Female Director) | Mr. M. Siddiq Khokhar   |
| Non-Executive Directors                              | Mr. Muhammad Sohail<br>Mr. Kanwar Adeel Zaman<br>Mr. Nadeem Saulat Siddiqui<br>Mr. Aamir Nazir Dhedhi |
| Executive Director                                   | Mr. Aurangzeb Ali Naqvi   |
| Female Director (Independent Director)               | Ms. Uzma Piracha  |

Best practices of corporate governance entail having an optimal number and board members with adequate skills and experience.

Explanation for not rounding up the fractional number under Regulation 6 is as follows:

The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.





### **The principal line of business & Performance:**

The principal line of business of the company shall be to carry on the tourism business including hospitality business, motels, destination management services, developing & building tourism attractions and to undertake all ancillary business activities to provide end to end service solutions. During year 2022-23 the economy remained subdued. This was largely on account of continued political polarization, low foreign reserves, supply chain disruptions, effects of floods, rupee devaluation and revision in energy prices, the inflation was recorded at an all-time high resulting in losses. The loss per share for the review period was Rs. 1.98 compared to loss per share of Rs. 1.12 for the corresponding period in 2022. During the year, the Company has achieved success by entering into a service agreement with one of its affiliated companies to provide specific services aligned with its core business activities on a retainer basis, resulting in earned revenue through its principal line of business by providing the following services as and when required:

1. Review of third party Pre-Feasibility Study for establishing Hotel/Resort or any tourist attraction.
2. Review of third party Feasibility Study related to establishing Hotel/Resort or any tourist attraction.
3. Review of Hospitality related proposal.
4. Review of hotel/resort inventory and supply chain mechanism and management.
5. Review of hotel/resort related tender document and tender evaluation except legal terms.
6. Review of Hotel/Resort Franchise technical and financial proposal except legal terms.

The Company anticipates providing additional services to the same affiliated company, as well as other potential partners that offer attractive returns within its primary line of business. Furthermore, subsequent to year end, the Company has entered into another agreement directly related to its core business effective from 01 July 2023 with the affiliated company, which will result in higher revenue in the coming year.

### **Principle Risk and Uncertainty:**

The Company is exposed to certain inherent risks and uncertainties related to the environments in which it works and its operations may be affected due to such risks and uncertainties. The continued political polarization, effects of floods, law and order situation, poor infrastructure, increase in energy prices, the inflation recorded at an all-time high are the significant hurdles in the hospitality business. For a sustainable company principal line of business, the political stability, restoration of infrastructure after a devastating flood and improvement of law & order are necessary to attract tourism-related activities. The other factors are:

- Increase in input cost due to rising inflation and further devaluation of the currency
- Macro economic uncertainties which might affect customer demand
- Increase in existing sales tax rates and levy of new taxes/ duties
- Data security and privacy.

The Company takes necessary steps with the external and internal stakeholders to mitigate these risks to an appropriate level.







**Change in nature of business of the Company:**

There had been no change in nature of the business of the company during the financial year 2022-2023. I.e. our principle line of business remains unchanged during the reporting period.

**Contents of modification in auditor's report:**

There had been no qualification in the external auditor's report for the year end June 2023.

**Operating Results:**

The comparison of the audited results for the year ended 30<sup>th</sup> June 2023 with the corresponding period of last year is as under:

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

| Description                                  | 30 June 2023 | 30 June 2022 |
|--|--------------|--------------|
| Net profit / (loss) before tax               | (4,785,373)  | (2,859,570)  |
| Net Profit / (loss) after tax                | (4,961,829)  | (2,817,133)  |
| Earning / (loss) per share – Basic & diluted | (1.98)       | (1.12)       |

The reason for losses attribute to slow business activities in tourism mainly due to climate change which caused severe damages to infrastructure during flood and monsoon seasons.

**Dividend:**

Due to current economic conditions and business challenges accumulated loses the Board has decided not to pay any dividend for the year ended June 30, 2023.

**Reserve Funds:**

Consideration on going losses Board decided to defer the creation of any sort of reserve funds.

**Default in Payments:**

There are no statutory payments on account of taxes, duties, levies and charges which are outstanding except in the ordinary course of business and described in the financial statements. In spite of AKDHL still being in loss, it is not in default against the payments to any entity.

**Adequacy Internal Financial Control:**

The internal control framework has been effectively implemented through Internal Audit function which is independent of the External Audit function. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy. The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders'







wealth at all levels within the Company. The Internal Audit function has carried out its duties under the Audit Plan defined by the Board Audit Committee. The Audit Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required. Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

**Material changes and commitments affecting the financial position:**

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this Balance Sheet relates and the date of the Directors' Report.

**Likely effect on Business:**

Pakistan is frequently plagued by heat waves, droughts, river and flash floods, landslides, and storms, including cyclones. The impact of climate change has the potential to initiate extensive and potent negative impact on hospitality business. Extreme weather is increasing the cost of operations and reducing the number of tourists visiting certain destinations. The main element which are likely to effect the future development, performance and position of the company business are:

- Lack of professional tour operators.
- Economic factors
- Political stability
- Poor infrastructure
- Rising cost of daily consumables.

**Impact of Company's Business on Environment:**

The hospitality industry has become a major player in the world economy. Being a worldwide phenomenon, tourism has become one of the fastest growing sectors of the global economy. The hospitality sector does not cause gross environmental pollution nor it consume vast amounts of non-renewable resources and therefore it may not be in the front line of environmental concern. However, depending on the activity it may have a significant impact on the environment. Its users are consuming resources such as energy and water on a daily basis and generating a great deal of solid waste and effluents. The Company is in hospitality business which includes hotels, motels, tourism agencies, restaurants, bars, lodging, food and drink service, event planning, theme parks, travel and tourism that may affect the area where its operations are conducted. The Company is conscious of this affect and will take all necessary steps to control the environment in which it works which includes compliance with environmental laws and regulations, environmental auditing, , waste management and recycling. AKDHL recognize that there are numerous benefits to practicing environmental sustainability, such as in marketing and public relations, decreasing waste generation, conserving natural resources, educating clientele, industry recognition, and decreasing product and operation expenses.





### **Corporate Social Responsibility:**

CSR policies aim to guarantee that company work ethically, considering human rights as well as the social, economic, and environmental impacts of what they do as a business. Our company recognizes the need to protect the natural environment. Keeping our environment clean and unpolluted is a benefit to all. We'll always follow best practices when disposing garbage and using chemical substances. CSR helps businesses to engage with their stakeholders, including customers, employees, suppliers, and communities. This creates a sense of trust and loyalty, which is beneficial for the business in the long. We are committed to achieve excellence in health, safety and environment across our business. The Company maintains a safe working environment and takes responsibility for the health and wellbeing of its staff and stakeholders.

### **Director's Responsibility in Respect of Adequacy Internal Financial Control:**

The Board of Directors of the Company has established an effective and efficient internal financial control system to ensure effective conduct of company's operations, safeguarding of all assets and compliance with applicable laws and regulations and reliable and timely financial reporting.

In house internal audit continuously review the internal control system and its effectiveness. Internal audit is responsible to identify any weakness in the system in place by the Board and suggest any deviation, its rectification and improvements in a timely manner to the Audit Committee which ultimately takes corrective steps. In addition number of manuals and TOR's in place which directly or indirectly

### **Disclosure of Directors' Remuneration:**

The remuneration system takes into account both the performance of the entire Board of Management and the achievement of individual targets. All the board members are equally paid only for the meeting they attended. Rs. 10,000 per meeting including tax is fixed and paid after deduction applicable tax. No other payments were made to board or its committee members.

### **Directors' Remuneration Policy:**

There are formal and transparent procedures for fixing the remuneration of directors and no director is involved in deciding his own remuneration.

Remuneration levels are kept at a reasonable level in order to attract and retain directors, without compromising independence. The Board of Directors of the Company has adopted a policy for remuneration of nonexecutive and independent directors upon the implementation of Section 170 of the Companies Act 2017 read with Regulation No. 17 of the Code of Corporate Governance.

The Policy is applicable to all executive, non-executive and independent directors who attend Board meetings, Audit Committee meetings, Human Resource and Remuneration Committee meetings and any other meetings called by the Board. Through its Articles of Association, the Company, the Board is authorized to fix remuneration of non-executive and independent directors from time to time. The fee of the non-executive and independent directors for attending the Board and Committee meetings of the Company shall be as determined by the Board of Directors from time to time.







The total remuneration of the members of the Board of Management is commensurate with their tasks and performance as well as the Company's situation. The remuneration system ensures that both positive and negative developments are appropriately reflected in the remuneration ("pay for performance").

#### **CEO & Company Secretary Salary:**

No monthly salary is being paid to Chief Executive Officer (CEO) and Company Secretary. Considering financial condition and slow business activity CEO voluntarily asked CFO to stop paying him board meeting fee of Rs. 10,000/meeting including tax.

#### **Office of the chairman and Chief Executive Officer:**

The office of Chairman and that of the Chief Executive Officer of the Company are held separately, as part of the Company's governance structure, with clear division of roles and responsibilities.

#### **Business Risk Management System:**

Formal risk management framework is in place to assess the risks faced in the context of the broader political, operational and macroeconomic environment. The risk management system identifies risks related to each aspect of business operations. The purpose of risk management is to make informed decisions regarding risks and having processes in place to effectively manage and respond to risks in pursuit of a Company's objectives by maximizing opportunities and minimizing adverse effects.

#### **Appointment of Auditors:**

The present Auditors M/s. Riaz Ahmed & Co., Chartered Accountants, are due to retire in the forthcoming annual general meeting of the company and being eligible, have offered themselves for reappointment. Audit Committee and the Board have recommended for re-appointment of M/s. Riaz Ahmed & Co., Chartered Accountants as external auditors for shareholders consideration and approval at the forthcoming annual general meeting for the year ending 30<sup>th</sup> June 2024. The auditor's has offer their services at previous rate charged for the year 2022-2023 along with out of pocket expense.

#### **Changes to the Board and Committees:**

During the year 2022-23, the no casual vacancy arose. The composition of the Board of Management did not change during the year. The current entire board including CEO will complete its tenure at by end June 2023 and new board will be elected in upcoming Annual General Meeting. The Chairman acknowledge and appreciate the valuable contribution and support of retiring board members.

#### **Chairman's Review:**

The Chairman's review on describe the year end 30<sup>th</sup> June 2023 activities and the directors of the Company endorse contents of the same.







### **Business Ethics:**

It is a fundamental policy of the Company to conduct its business with honesty, integrity and in accordance with the highest ethical and legal standards. Unethical practices of any sort are not to find their way into our business. All employees must act at all times in the interest of Company's shareholders and no employee shall ever commit an illegal or an unethical act, or instruct and encourage another employee to do so. The Company has communicated the Code of Conduct to all its directors and employees.

### **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:

- a) 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.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is being govern through Manuals, TOR's and SOP's.
- f) 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:
  - i. Statement of pattern of shareholding has been given separately.
  - ii. Statement of shares held by associated undertakings and related persons have been given in financial statements.
  - iii. Statement of the Board meetings held during the year.
  - iv. Attendance by each director has been given.
  - v. Key operating and financial statistics for last five (5) years in summarized form is given below.



**Key Financial Data:**

| Particulars                         | 2023          | 2022          | 2021          | 2020          | 2019          |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                     | Rs. in'000    |               |               |               |               |
| Issued, subscribe paid-up 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         | (22,668)      | (17,706)      | (24,158)      | (14,304)      | (11,436)      |
| Long term liabilities               | 169           | 185           | 1,955         | --            | 259           |
| Current Liability                   | 8,859         | 14,352        | 10,617        | 4,900         | 5,479         |
| <b>Total Equity &amp; Liability</b> | <b>16,918</b> | <b>27,139</b> | <b>44,615</b> | <b>29,991</b> | <b>39,523</b> |
| Operating Fixed Assets              | 969           | 1,092         | 1,231         | 1,392         | 1,576         |
| Long term assets                    | 10,910        | 20,647        | 39,496        | 20,860        | 26,925        |
| Current assets                      | 5,038         | 5,399         | 3,887         | 7,739         | 11,002        |
| <b>Total Assets</b>                 | <b>16,918</b> | <b>27,139</b> | <b>44,615</b> | <b>29,991</b> | <b>39,523</b> |
| Operating Income                    | 1,200         | -             | 2,400         | 2,500         | 5,043         |
| Other Income                        | 2,400         | 2,500         | 1,284         | -             | -             |
| Capital Gain/(Loss)                 | -             | -             | -             | -             | -             |
| Operating Expenses                  | (8,375)       | (5,326)       | (12,864)      | (5,656)       | (7,504)       |
| Operating Profit/(Loss)             | (4,785)       | (2,859)       | (9,234)       | (2,928)       | (2,459)       |
| Taxation                            | (176)         | 42            | (620)         | 59            | 787           |
| Net Profit (Loss)                   | (4,961)       | (2,817)       | (9,855)       | (2,868)       | (3247)        |
| Basic (Loss) / Earning per share    | (1.98)        | (1.12)        | (3.93)        | (1.14)        | (1.30)        |

**Pattern of Share Holding:**

The Pattern of shareholding as at 30 June 2023 is also enclosed as Annexure-I.

**Earnings per Share**

During the year company recorded loss/share resulting no earning per share.

**Directors Meeting:**

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

| S. No | Name of Director            | Nos. of Meeting attended |
|-------|-----------------------------|--------------------------|
| 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                       |







### Board of Directors:

| Category  | Names   |
|---|---|
| Independent Directors (Excluding Female Director) | Mr. M. Siddiq Khokhar   |
| Non-Executive Directors                           | Mr. Muhammad Sohail<br>Mr. Kanwar Adeel Zaman<br>Mr. Nadeem Saulat Siddiqui<br>Mr. Aamir Nazir Dhedhi |
| Executive Director                                | Mr. Aurangzeb Ali Naqvi   |
| Female Director (Independent Director)            | Ms. Uzma Piracha  |

The Board has formed committees comprising of members given below:

### Audit Committee:

The Board of Directors of your Company has established Audit Committee of the Board in compliance with the requirements of the Listed Companies (Code of Corporate Governance), Regulations, 2019. Term of reference of the Committee was duly communicated to the members by the Board. During the year 4 (four) meetings of the Committee were held.

| Names                  | Designation held |
|------------------------|------------------|
| Mr. M. Siddiq Khokhar  | Chairman         |
| Mr. Kanwar Adeel Zaman | Member           |
| Mr. Aamir Nazir Dhedhi | Member           |

### HR and Remuneration Committee

In compliance with the requirements of Listed Companies (Code of Corporate Governance), Regulations, 2019, The Board of Directors has established this Committee comprising three members, of whom chairperson is an independent Director. Term of reference of the Committee was duly communicated to the members by the Board.

| Names                  | Designation held |
|------------------------|------------------|
| Ms. Uzma Piracha       | Chairperson      |
| Mr. Aamir Nazir Dhedhi | Member           |
| Mr. Siddiq Khokhar     | Member           |

### Nomination Committee

The responsibilities as prescribed for the nomination committee are being taken care of at Board level on need basis so a separate committee is not formed.

### Risk Management Committee

| Names                    | Designation held |
|--------------------------|------------------|
| Mr. M. Siddiq Khokhar    | Chairman         |
| Mr. Sohail Abdul Ghaffar | Member           |
| Mr. Kanwar Adeel Zaman   | Member           |

At AKDHL, we are firmly committed to ensuring the highest level of governance through the adoption of best business practices and standards. The Board reviews the Company's strategic direction and business plans and performance on a regular basis. The Board Audit Committee is empowered for effective compliance of the Code of Corporate Governance. Your Board is strongly







committed to maintaining a very high standard of corporate governance. For further details, reference can be made to the Code of Corporate Governance section of this report.

### **Future Outlook:**

The Company maintains a cautious outlook for 2023 due to external challenges e.g. restriction on imports, low Foreign exchange availability, pressure on the local currency, and an increase in taxes. The financial year 2022-23 presented a range of economic challenges for the global community, and Pakistan was no exception.

These major headwinds of that year will quite likely straddle deep into FY 2024. While we anticipate that the economic conditions are likely to remain difficult for FY 2024, we are confident that AKDHL board and management will be capable and fully committed to face these challenges with resilience and determination for delivering shareholder value. The noticeable improvements in economic activities and international travel have been observed in various markets and sectors, and consumer confidence is increasingly restoring. In recent months, there have been a marked increase in passenger flight capacity, leading to much improved hospitality related business activities including tourism. Further the political stability, restoration of infrastructure after devastating flood and starting direct International flight to Gilgit are very encouraging signs for hospitality business which will certainly help AKDHL to evaluate the available opportunities to transform its financial status.

Looking ahead, AKD Hospitality Ltd (AKDHL) is committed to contributing to Pakistan's economic prosperity and delivering strong shareholder value by investing in the long-term reliable assets, promoting gender diversity, improving sustainability to reduce its carbon footprint and water conservation. Health and safety of the employee will remain the top priority of the management in addition to protect and safeguard the interests of its shareholders through capitalization on growth opportunities.

Throughout the year, the Company conducted initial assessments to explore the possibilities of creating hotels or resorts in Northern Areas. These preliminary studies have indicated a favorable net present value (NPV) for the Company. Presently, the Company is in the process of evaluating various business models to pursue these projects;

With an experienced Board of Directors and committed Management Team, we remain equipped to meet the continuing challenges. All stakeholders' faith in these challenging times will support us to perform and strive for positive results in a difficult business environment.

### **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**

**Kanwar Adeel Zaman**  
Director

Karachi: Dated: 3<sup>rd</sup> October 2023

  
**Aurangzeb Ali Naqvi**  
Chief Executive Officer

Page 10 of 12

3<sup>rd</sup> Oct 2023





**THE COMPANIES ACT, 2017**  
**THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2018 [Section 227(2)(D)]**

**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 3

| 2.2. No of shareholders | Shareholdings  | Total shares held |
|-------------------------|--|-------------------|
| 479                     | shareholding from 1 to 100 shares                        | 9,056             |
| 155                     | shareholding from 101 to 500 shares                      | 51,994            |
| 60                      | shareholding from 501 to 1000 shares                     | 50,750            |
| 59                      | shareholding from 1001 to 5000                           | 131,324           |
| 6                       | shareholding from 5001 to 10000                          | 51,575            |
| 3                       | shareholding from 10001 to 15000                         | 36,662            |
| 2                       | shareholding from 15001 to 20000                         | 36,768            |
| 2                       | shareholding from 20001 to 30000                         | 48,933            |
| 1                       | shareholding from 30001 to 40000                         | 37,968            |
| 4                       | shareholding from 40001 to 95000                         | 251,520           |
| 1                       | shareholding from 95001 to 145000                        | 130,680           |
| 1                       | shareholding from 145001 to 195000                       | 166,340           |
| 3                       | shareholding from 195001 to 695000                       | 755,190           |
| 1                       | shareholding from 695001 to 750000                       | 748,232           |
| 777                     | <i>(Add appropriate slabs of shareholdings)</i><br>Total | 2,506,992         |







| 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.                       | 555,290    | 22.23      |
| 2.3.3 | NIT and ICP   | 0          | 0.00       |
| 2.3.4 | Banks Development Financial Institutions, Non-Banking Financial Institutions. | 263,901    | 10.56      |
| 2.3.5 | Insurance Companies   | 300        | 0.01       |
| 2.3.6 | Modarabas and Mutual Funds  | 5,000      | 0.20       |
| 2.3.7 | Shareholders holding 10%  | 878,912    | 35.05      |
| 2.3.8 | General Public  |            |            |
|       | a. Local  | 800,089    | 31.91      |
|       | b. Foreign  | 0          | 0.00       |
| 2.3.9 | Others (to be specified)  | 0          | 0.00       |





# AKD Hospitality Ltd.

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

Name of Company: **AKD Hospitality Limited**

Year ended: **30 June 2023**

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

1. The total number of Directors are 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<br>Ms. Uzma Piracha   |
| Non-Executive Directors | Mr. Muhammad Sohail<br>Mr. Kanwar Adeel Zaman<br>Mr. Nadeem Saulat Siddiqui<br>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 and, in his absence, by a director elected by the board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;







8. The board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these regulations;
9. The Board has arranged Directors' training program for the following;

| SR. NO. | NAME OF DIRECTORS          |
|---------|----------------------------|
| 1.      | Mr. Nadeem Saulat Siddiqui |
| 2.      | Mr. Aurangzeb Ali Naqvi    |
| 3.      | Ms. Uzma Piracha           |
| 4.      | Mr. Siddiq Khokhar         |
| 5.      | Mr. Kanwar Adeel Zaman     |

Following two Directors have not taken the Directors' Training program and will ensure the compliance in the ensuing financial year in accordance with the Regulations:

| SR. NO. | NAME OF DIRECTORS      |
|---------|------------------------|
| 1.      | Mr. Aamir Nazir Dhedhi |
| 2.      | Mr. Muhammad Sohail    |

10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of internal audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

**a) Audit Committee**

| Names                  | Designation held |
|------------------------|------------------|
| Mr. M. Siddiq Khokhar  | Chairman         |
| Mr. Kanwar Adeel Zaman | Member           |
| Mr. Aamir Nazir Dhedhi | Member           |

**b) HR and Remuneration Committee**

| Names                  | Designation held |
|------------------------|------------------|
| Ms. Uzma Piracha       | Chairperson      |
| Mr. Aamir Nazir Dhedhi | Member           |
| Mr. Siddiq Khokhar     | Member           |





### c) Risk Management Committee

| Names                    | Designation held |
|--------------------------|------------------|
| Mr. M. Siddiq Khokhar    | Chairman         |
| Mr. Sohail Abdul Ghaffar | Member           |
| Mr. Kanwar Adeel Zaman   | Member           |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. 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 2023.

#### b) HR and Remuneration Committee

One meeting of HR and Remuneration Committee was held during the financial year ended 30 June 2023.

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and







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

| Sr. No. | Requirement  | Explanation of Non-Compliance   | Regulation Number |
|---------|--|---|-------------------|
| 1       | <b>Directors' Training</b><br>Companies are encouraged to arrange training for at least one head of department every year under the Directors' Training Program from July 2022.  | The Company has planned to arrange Directors' Training Program certification for head of department in next few years.  | 19(3)             |
| 2       | <b>Nomination Committee</b><br>The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.  | Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee.          | 29                |
| 3       | <b>Disclosure of significant policies on website</b><br>The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy. | Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future. | 35                |

20. The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.

**M. Siddiq Khokhar**  
Chairman

KARACHI

Date: October 03, 2023



**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 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2023.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**KARACHI**

**DATE: 05 OCTOBER 2023**  
**UDIN: CR2023100453CsBePt6b**



# **Code of Conduct**

## **AKD Hospitality Ltd (AKDHL) Code of Conduct**

To ensure that **AKD Hospitality Ltd (AKDHL)** (the Company) conducts and is seen to conduct its operations in accordance with highest business ethical consideration complying with all statutory regulations and universally accepted standards of a good corporate citizen. Company objective is towards developing, promoting and encouraging its core values in the corporate culture and adopted this Code of Conduct.

The Company's Code of Conduct is defined as a set of principles and standards which are aimed at securing and maintaining the trust of the customers, i.e. the confidence of its shareholders, employees, stakeholders and the general public. It is a means to improving operational efficiency, developing transparency of structures and processes for the direction and control of the Company, and ultimately, towards building a better reputation.

The code also defines acceptable and unacceptable behavior, provides guidance to Directors/ employees in specific situations that may arise and foster a culture of honesty, accountability and high standards of personal and professional integrity.

**AKDHL Board of Directors and employees understand that this Code is their joint obligation, and accordingly, obligate themselves to ensure that its provisions and its spirit are adhered to and acted upon throughout the Company.**

All Directors and Employees of the Company are responsible for the continuing enforcement and compliance of this Code. If any employee has any question about any part of this Code, he or she should direct such question to his or her immediate supervisor or to the Executive Director or to the Company Secretary.

The employees and directors of the AKD Hospitality Ltd (AKDHL) shall have an obligation to carry their duties professionally, impartially, with integrity, without any fear or influence, and in the best interest of Company at large, keeping in view the code of conduct and ethics as defined hereunder.

AKDHL employees and directors shall protect and conserve the Company assets, property and funds and not use it for other than authorized activities.

AKDHL will make continuous improvements in the management of its environmental impact and to the long-term goal of developing a sustainable business.

AKDHL will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

AKDHL is committed to the protection of Human health, Safety and Environment in all of the areas where we conduct our business. Provide safe and healthy working conditions for all employees. It neither uses nor supports the use of any form of forced, compulsory or child labor.

AKDHL employees should not accept tickets or invitations to entertainment for non-business activities.



AKDHL directors and employees shall refrain from providing any corporate information to someone outside the Company unless they are authorized to do so.

AKDHL directors and employees shall refrain from commenting on Social Media platforms regarding any corporate information unless they are authorized to do so.

AKDHL directors and employees before publishing, making speeches, giving interviews, or making public appearances that are connected to AKDHL business interests that may reflect on the Company, the concerned director or employee must get written approval from the competent authority.

AKDHL directors and employees shall not communicate or allow to be communicated to any person not legally entitled thereto, any information relating to the affairs of the Company nor will allow any such person to inspect or have access to any books or documents belonging to or in the possession of the Company and relating to the business of the Company.

AKDHL directors and employees shall ensure the confidentiality of client information at all times except where required by law to disclose it.

AKDHL directors and employees shall ensure the confidentiality of information relating the Company both during the course of Directorship or employment (as the case may be) and after its termination (regardless of reasons)

AKDHL directors and employees shall not engage in activities or transactions which may give rise to, or which may be seen to be giving rise to conflict between their personal interests and the interests of Company.

AKDHL directors and employees shall not hold any personal financial interest, directly or indirectly, in any deal of supplying goods or services to the Company.

AKDHL is committed to fair competition and supports development of appropriate competition laws.

AKDHL directors and employees shall not keep or make copies of correspondence, documents, papers, record, list of clients or customers without an authorized purpose and all such information should be surrendered to the Company while quitting the employment / or directorship and the Company information and record should be kept on company's premises only.

AKDHL directors and employees shall not contribute directly or indirectly, any funds or assets to any political party or organization or to any individual who either holds public office or is a candidate to a public office i.e. neither supports political activities nor contributes funds to promote such activities.

In the course of their normal business duties, employees may be offered entertainment such as lunch or dinner. AKDHL in principle discourage accepting such offers from the client, service providers or contractors even if it occurs in the course of a business related meetings.

AKDHL employees shall not offer, give or receive any gift or payment, which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management.

AKDHL directors and employees reject corruption in all forms – direct, indirect, public or private and do not directly or indirectly engage in bribery, kick-backs, payoffs, or any other corrupt business practices. No employee of the AKDHL shall accept any funds, loans, favour or other assets (including those provided as preferential treatment) to obtain business from the Company or that might tend to influence an employee's business decisions.

AKDHL directors and employees shall adhere in letter and spirit to all laws and conform to the accepted standards of good corporate governance and avoid conflict of interest. The conflict of interest, if any real or perceived including potential conflicts must be notified to Company in writing immediately. (A conflict of interest may arise when a Director or an employee is in a position to influence a decision or situation that may result in personal gain for such employee or the employee's family or friends at the expense of the Company or its customers).

AKDHL is an equal opportunity employer and does not discriminate on the basis of sex, colour, ethnic/racial or religion.

AKDHL directors and employees respects the privacy of data relating to individual persons (whether employees or third parties) which it may hold or handle as part of its information processing activities or otherwise. Employees maintain confidentiality of the Company's and its customers' confidential information which is disclosed to them.

AKDHL directors and employees shall not take advantage of the Company's information or property, or their position with the Company, to develop inappropriate personal gains or opportunities.

AKDHL directors and employees shall not place themselves in a position where their loyalty to the Company becomes divided for any reason including their direct or indirect financial interest in a competitor, supplier, consultant or customer.

AKDHL respects the interests of all the stakeholders and enters into transparent and fairly negotiated contracts. It will do business with customers and suppliers of sound business character and reputation only. All business dealings by the Company with third parties shall be on an arm's length and commercial basis.

AKDHL directors and employees seek to protect the Company's assets and to ensure that the Company's assets and services are used solely for legitimate business purposes of the Company. The use of Company's funds for political contributions to any organization or to any candidate for public office is strictly prohibited.

AKDHL directors shall comply with laws, rules and regulations applicable to the company, including but not limited to the Companies Ordinance 1984, Listing Regulations of the Stock Exchanges and Insider Trading laws. Certain restrictions/reporting requirements apply to trading by Directors in company shares. Directors will make sure that they remain compliant with these statutory requirements.



AKDHL Directors are prohibited from taking personal opportunities related to the company's business, using company's property, information or position for personal gain or competing with the company for business opportunities.

Any dealing/s between AKDHL staff and outside organizations in which AKDHL staff have a direct, indirect or family connection must be fully disclosed to the management prior to such activity.

AKDHL accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

AKDHL shall Comply and obey the laws and regulations of Pakistan, including listing regulations of the Pakistan Stock Exchanges and Security Exchange Commission of Pakistan (SECP).

The Company must make and keep books and records that accurately and fairly reflect the Company's transactions and the disposition of its assets in accordance with Generally Accepted Accounting Principles (GAAP) and applicable laws & regulations.

Any accounting adjustments that materially depart from GAAP must be reported to the Audit Committee of the Board, Board of Directors and the Company's statutory auditors. In addition, any off-balance-sheet transactions, arrangements and obligations, contingent or otherwise, and other relationships of the Company with unconsolidated entities or other persons that may have material current or future effects on the financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components or revenues or expenses must also be disclosed to the Audit Committee of the Board, Board of Directors and the Company's statutory auditors.

AKDHL Board/Management expects employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles. No employee will suffer as a consequence of doing so. Good faith reports of the violations will be promptly and thoroughly investigated by the committee constituted by the Board or Senior Management of the company. All employees must cooperate in the investigation of reported violations.

AKDHL (the Company) does not permit retaliation against an employee who in good faith seeks advice or reports misconduct. Retaliation in any form against an individual who in good faith reports a violation of this Code or the law. Anyone who engages in retaliation will be subject to disciplinary action, including termination from the service of the Company.

AKDHL policy is to promote productive work environment and not to tolerate verbal or physical conduct by any employee that harasses, disrupts or interferes with another's work performance, creates an intimidating, humiliating, offensive or hostile environment.

Smoking and exposure of workplace to tobacco causes serious health hazards to employees besides potential risks of fire and explosions. Considering this, smoking is not permitted in office premises.

**To discourage smoking AKDHL policy is not to designate any 'Smoking Areas'.**

The above Code of Conduct may be amended, as necessary, from time to time. Any amendment therein shall be made by way of an addendum, duly recommended by the CEO and approved by the Board of Directors.

\*\*\*\*\*



Riaz Ahmad & Company

Chartered Accountants

# **AKD HOSPITALITY LIMITED**

**FINANCIAL STATEMENTS WITH ACCOMPANYING  
INFORMATION**

**FOR THE YEAR ENDED  
30 JUNE 2023**

## 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 2023, 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 2023 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 sustained total comprehensive loss of Rupees 14.462 million for the year ended 30 June 2023 and as of that date its accumulated loss was Rupees 23.421 million and capital reserve for investments classified at fair value through other comprehensive income stood in negative at Rupees 25.156 million. As at 30 June 2023, the Company's current liabilities exceeded its current assets by Rupees 3.820 million. The Company's operations at reasonable scale in its principal line of business are at halt since long. These factors indicate a material uncertainty which may cast



# Riaz Ahmad & Company

Chartered Accountants

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 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 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.



# Riaz Ahmad & Company

Chartered Accountants

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

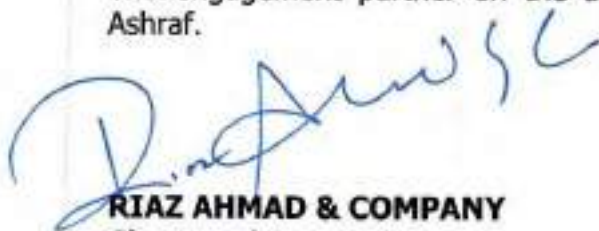
From the matters communicated with board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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: 05 OCTOBER 2023**

**UDIN: AR202310045vo1SaX04i**

**AKD HOSPITALITY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

|  | Note | 2023<br>Rupees       | 2022<br>Rupees |
|--|------|----------------------|----------------|
| <b>ASSETS</b>  |      |                      |                |
| <b>NON-CURRENT ASSETS</b>  |      |                      |                |
| Property and equipment   | 6    | 969,881              | 1,092,155      |
| Right-of-use assets  | 7    | -                    | 237,639        |
| Long-term investments  | 8    | 10,890,000           | 20,390,000     |
| Long-term security deposit   | 9    | 20,000               | 20,000         |
|  |      | <b>11,879,881</b>    | 21,739,794     |
| <b>CURRENT ASSETS</b>  |      |                      |                |
| Trade debts  | 10   | 1,017,000            | -              |
| Advances, deposits and prepayments   |      | -                    | 41,646         |
| Other receivable   | 11   | 2,400,000            | 2,851,845      |
| Advance income tax   |      | 1,252,910            | 2,327,190      |
| Bank balances  |      | 368,953              | 178,768        |
|  |      | <b>5,038,863</b>     | 5,399,449      |
| <b>TOTAL ASSETS</b>  |      | <b>16,918,744</b>    | 27,139,243     |
| <b>EQUITY AND LIABILITIES</b>  |      |                      |                |
| <b>SHARE CAPITAL AND RESERVES</b>  |      |                      |                |
| Authorized share capital<br>100,000,000 (2022: 100,000,000) ordinary<br>shares of Rupees 10 each |      | <b>1,000,000,000</b> | 1,000,000,000  |
| Issued, subscribed and paid-up share capital   | 12   | 25,072,733           | 25,072,733     |
| Capital contribution   | 16.1 | 9,750,001            | -              |
| Reserves   | 13   | (26,933,090)         | (12,471,261)   |
| <b>TOTAL EQUITY</b>  |      | <b>7,889,644</b>     | 12,601,472     |
| <b>NON CURRENT LIABILITIES</b>   |      |                      |                |
| Lease liability  | 14   | -                    | -              |
| Deferred tax liability   | 21.2 | 169,878              | 185,422        |
|  |      | <b>169,878</b>       | 185,422        |
| <b>CURRENT LIABILITIES</b>   |      |                      |                |
| Trade and other payables   | 15   | 3,583,977            | 3,028,491      |
| Contract liability   |      | 100,000              | -              |
| Short term borrowing   | 16   | -                    | 6,350,001      |
| Provision for taxation   |      | 1,888,283            | 1,696,283      |
| Current & overdue portion of lease liability   | 14   | 810,000              | 800,612        |
| Unclaimed dividend   |      | 2,476,962            | 2,476,962      |
|  |      | <b>8,859,222</b>     | 14,352,349     |
| <b>TOTAL LIABILITIES</b>   |      | <b>9,029,100</b>     | 14,537,771     |
| Contingencies and commitments  | 17   |                      |                |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <b>16,918,744</b>    | 27,139,243     |

The annexed notes from 01 to 30 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 2023**

|  | Note | 2023<br>Rupees      | 2022<br>Rupees      |
|--|------|---------------------|---------------------|
| <b>INCOME</b>  |      |                     |                     |
| Consultancy income   | 18   | 1,200,000           | -                   |
| <b>EXPENSES</b>  |      |                     |                     |
| Administrative and general expenses  | 19   | (5,875,985)         | (4,326,491)         |
| Allowance for expected credit losses   |      | (2,500,000)         | (1,000,000)         |
|  |      | <u>(8,375,985)</u>  | <u>(5,326,491)</u>  |
|  |      | (7,175,985)         | (5,326,491)         |
| Other income   | 20   | 2,400,000           | 2,500,000           |
| Financial charges  |      | (9,388)             | (33,079)            |
| <b>LOSS BEFORE TAXATION</b>  |      | <u>(4,785,373)</u>  | (2,859,570)         |
| Taxation   | 21   | (176,456)           | 42,437              |
| <b>LOSS AFTER TAXATION</b>   |      | <u>(4,961,829)</u>  | (2,817,133)         |
| <b>OTHER COMPREHENSIVE LOSS</b>  |      |                     |                     |
| <b>Items that will not be reclassified subsequently to profit &amp; loss:</b>                                |      |                     |                     |
| - Unrealized loss arising on remeasurement of investments at 'fair value through other comprehensive income' |      | (9,500,000)         | (16,762,266)        |
| - Current tax related adjustment   |      | -                   | (1,216,750)         |
| - Deferred tax related adjustment  |      | -                   | 1,355,033           |
| <b>Items that may be reclassified subsequently to profit and loss</b>  |      | -                   | -                   |
| <b>Other comprehensive loss for the year</b>   |      | <u>(9,500,000)</u>  | (16,623,983)        |
| <b>TOTAL COMPREHENSIVE LOSS</b>  |      | <u>(14,461,829)</u> | <u>(19,441,116)</u> |
| <b>LOSS PER SHARE - BASIC AND DILUTED</b>  | 22   | <u>(1.98)</u>       | <u>(1.12)</u>       |

The annexed notes from 01 to 30 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**AKD HOSPITALITY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

| Description  | Issued,<br>subscribed<br>and paid-up<br>share capital | Capital<br>contribution | Reserves          |   |                    |                     | Sub Total           | Total Equity      |
|--|---|-------------------------|-------------------|---|--------------------|---------------------|---------------------|-------------------|
|  |   |                         | Capital Reserves  |   | Revenue Reserves   |                     |                     |                   |
|  |   |                         | Share<br>premium  | Fair value<br>reserve on 'Fair<br>value through<br>other<br>comprehensive<br>income'<br>investments | General<br>Reserve | Accumulated<br>Loss |                     |                   |
| Rupees   | Rupees  | Rupees                  | Rupees            | Rupees  | Rupees             | Rupees              |                     |                   |
| <b>Balance as at 30 June 2021</b>                                      | 25,072,733  | -                       | 20,891,600        | 9,485,234   | 752,000            | (24,158,979)        | 6,969,855           | 32,042,588        |
| Loss for the year  | -   | -                       | -                 | -   | -                  | (2,817,133)         | (2,817,133)         | (2,817,133)       |
| Other comprehensive loss   | -   | -                       | -                 | (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>-</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> |
| Transactions with owners:  |   |                         |                   |   |                    |                     |                     |                   |
| -Capital contribution from sponsor during the year (Note 16)           | -   | 9,750,001               | -                 | -   | -                  | -                   | -                   | 9,750,001         |
| Loss for the year  | -   | -                       | -                 | -   | -                  | (4,961,829)         | (4,961,829)         | (4,961,829)       |
| Other comprehensive loss   | -   | -                       | -                 | (9,500,000)   | -                  | -                   | (9,500,000)         | (9,500,000)       |
| Total comprehensive loss for the year                                  | -   | -                       | -                 | (9,500,000)   | -                  | (4,961,829)         | (14,461,829)        | (14,461,829)      |
| Gain realized on disposal of investment in equity instrument at FVTOCI | -   | -                       | -                 | -   | -                  | -                   | -                   | -                 |
| <b>Balance as at 30 June 2023</b>                                      | <b>25,072,733</b>                                     | <b>9,750,001</b>        | <b>20,891,600</b> | <b>(25,156,000)</b>   | <b>752,000</b>     | <b>(23,420,690)</b> | <b>(26,933,090)</b> | <b>7,889,644</b>  |

The annexed notes from 01 to 30 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**



**AKD HOSPITALITY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

|   | <b>2023</b>        | <b>2022</b>   |
|---|--------------------|---------------|
|   | <b>Rupees</b>      | <b>Rupees</b> |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                    |                    |               |
| Loss before taxation  | <b>(4,785,373)</b> | (2,859,570)   |
| <b>Adjustments for non cash items:</b>                        |                    |               |
| Allowance for expected credit loss                            | <b>2,500,000</b>   | 1,000,000     |
| Advance tax written off                                       | <b>1,110,440</b>   | -             |
| Depreciation  | <b>359,913</b>     | 377,323       |
| Finance cost  | <b>9,388</b>       | 33,079        |
| Operating cash used before working capital changes            | <b>(805,632)</b>   | (1,449,168)   |
| <b>Changes in working capital</b>                             |                    |               |
| <b>(Increase) / decrease in current assets</b>                |                    |               |
| Trade debts   | <b>(1,017,000)</b> | (1,100,000)   |
| Advance and prepayments                                       | <b>41,646</b>      | 6,911         |
| Other receivables   | <b>(2,048,156)</b> | (351,845)     |
| <b>Increase in current liabilities</b>                        |                    |               |
| Trade and other payables                                      | <b>555,486</b>     | 404,370       |
| Contract liability  | <b>100,000</b>     | -             |
|   | <b>(2,368,024)</b> | (1,040,564)   |
| <b>Net working capital changes</b>                            | <b>(3,173,655)</b> | (2,489,732)   |
| Income tax paid   | <b>(36,160)</b>    | (1,607,063)   |
| <b>Net cash used in operating activities</b>                  | <b>(3,209,815)</b> | (4,096,795)   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |                    |               |
| Purchase of investment  | -                  | (35,948,000)  |
| Proceeds from sale of investment                              | -                  | 37,797,408    |
| <b>Net cash flow from investing activities</b>                | -                  | 1,849,408     |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |                    |               |
| Capital contribution from related party                       | <b>3,400,000</b>   | 1,900,000     |
| <b>Net cash flow from financing activities</b>                | <b>3,400,000</b>   | 1,900,000     |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>190,185</b>     | (347,387)     |
| Cash and cash equivalents at the beginning of the year        | <b>178,768</b>     | 526,155       |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>368,953</b>     | 178,768       |

The annexed notes from 01 to 30 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 2023**

**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 years 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 ASSUMPTION**

The Company sustained total comprehensive loss of Rupees 14.462 million for the year ended 30 June 2023 and as of that date its accumulated loss was Rupees 23.421 million and capital reserve for investments classified at fair value through other comprehensive income stood in negative at Rupees 25.156 million. As at 30 June 2023, the Company's current liabilities exceeded its current assets by Rupees 3.820 million. The Company's operations at reasonable scale in its principal line of business are at halt since long. These factors indicate a material uncertainty which 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.

Accordingly, the management has carried out a going concern assessment of the Company in accordance with the requirements of International Financial Reporting Standards (IFRSs), and believes that the going concern assumption used for the preparation of these financial statements is appropriate due to the following reasons:

- a) management is actively exploring new business opportunities and considering various options. During the year, the Company has achieved success by entering into a service agreement with one of its affiliated companies to provide specific services aligned with its core business activities on a retainer basis, resulting in earned revenue. The Company anticipates providing additional services to the same affiliated company, as well as other potential partners that offer attractive returns within its primary line of business. Furthermore, subsequent to year end, the Company has entered into another agreement effective from 01 July 2023 with the affiliated company at an increased retainer fee, which will result in higher revenue in the coming year;
- b) throughout the year, the Company conducted initial assessments to explore the possibilities of creating hotels or resorts at different locations in Pakistan. These preliminary studies have indicated a favorable net present value (NPV) for the Company. Presently, the Company is in the process of evaluating various business models to pursue these projects;
- c) the Company is actively pursuing the collection of overdue debts and has effectively retrieved significant outstanding payments as of 30 June 2023, from its debtors after the end of the fiscal year. This has bolstered the Company's cash reserves. Furthermore, the Company anticipates recovering the outstanding debts that were accounted for in the current and/or prior years. This



expected recovery is likely to reverse the provisions made, thereby enhancing the Company's profitability and financial strength in the upcoming year; and

- d) the Company has strong commitment from its sponsors to continue as a going concern. During the year, the Sponsor shareholder of the Company has extended a capital contribution to the Company to meet its liquidity requirements as more fully disclosed in Note 16.1 to these financial statements. The Company, further, has unused financial commitment from Sponsor which can be utilized in case of need.

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 year beginning on or after 01 July 2022:

- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use'
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract amends IAS 1 'Presentation of Financial Statements'.
- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'.
- 'Reference to the Conceptual Framework (Amendments to IFRS 3)' published by the International Accounting Standards Board (IASB) with amendments to IFRS 3 'Business Combinations'

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

### **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 years 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.

### **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 years beginning on or after 01 July 2023 or later years:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual year 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 year to defer the settlement of liability for at least twelve months after the reporting year. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgment') effective for annual years 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 years 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 years 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.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting year affect the classification of a liability. The amendments are effective for reporting years beginning on or after 1 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual years beginning on or after 1 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting year beginning on or after 1 January 2024

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 years beginning on or after 01 July 2023 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 year 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 year 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 year 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 year 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 year 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 year 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 Contract liabilities**

A contract liability is recognised for the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers good or service to the customer, the Company shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

## **5.12 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.

## **5.13 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.

## **5.14 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 year 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.

#### **5.15 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.

#### **5.16 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.

#### **5.17 Dividend and other appropriations**

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

#### **5.18 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.

#### **5.19 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.



## 5.20 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 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                 | 752,813              | 316,228          | 4,529              | 154,434     | 3,836      | 1,231,840    |
| <b>Year ended 30 June 2022</b> |                      |                  |                    |             |            |              |
| Opening net book value         | 752,813              | 316,228          | 4,529              | 154,434     | 3,836      | 1,231,840    |
| Addition - at cost             | -                    | -                | -                  | -           | -          | -            |
| Depreciation charged           | (75,281)             | (31,623)         | (1,510)            | (30,887)    | (384)      | (139,685)    |
| Closing net book value         | 677,532              | 284,605          | 3,019              | 123,547     | 3,452      | 1,092,155    |
| <b>At 30 June 2022</b>         |                      |                  |                    |             |            |              |
| Cost                           | 3,991,830            | 1,622,644        | 1,878,265          | 5,122,500   | 41,500     | 12,656,739   |
| Accumulated depreciation       | (3,314,298)          | (1,338,039)      | (1,875,246)        | (4,998,953) | (38,048)   | (11,564,584) |
| Net book value                 | 677,532              | 284,605          | 3,019              | 123,547     | 3,452      | 1,092,155    |
| <b>Year ended 30 June 2023</b> |                      |                  |                    |             |            |              |
| Opening net book value         | 677,532              | 284,605          | 3,019              | 123,547     | 3,452      | 1,092,155    |
| Addition - at cost             | -                    | -                | -                  | -           | -          | -            |
| Depreciation charged           | (67,753)             | (28,461)         | (1,006)            | (24,709)    | (345)      | (122,274)    |
| Closing net book value         | 609,779              | 256,144          | 2,013              | 98,838      | 3,107      | 969,881      |
| <b>At 30 June 2023</b>         |                      |                  |                    |             |            |              |
| Cost                           | 3,991,830            | 1,622,644        | 1,878,265          | 5,122,500   | 41,500     | 12,656,739   |
| Accumulated depreciation       | (3,382,051)          | (1,366,500)      | (1,876,252)        | (5,023,662) | (38,393)   | (11,686,858) |
| Net book value                 | 609,779              | 256,144          | 2,013              | 98,838      | 3,107      | 969,881      |
| <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 19).





- 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.

| <b>9. LONG-TERM DEPOSIT</b>                             | <b>Note</b> | <b>2023<br/>Rupees</b> | <b>2022<br/>Rupees</b> |
|---|-------------|------------------------|------------------------|
| Deposit with Pakistan Telecommunication Company Limited | 9.1         | <u>20,000</u>          | <u>20,000</u>          |

- 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**

AKD REIT Management Company Limited

**1,017,000**

-

Less: Allowance for expected credit loss

As at 01 July

|   |   |
|---|---|
| - | - |
|---|---|

Recognized during the year

|   |   |
|---|---|
| - | - |
|---|---|

Reversal made during the year

|   |   |
|---|---|
| - | - |
|---|---|

As at 30 June

|   |   |
|---|---|
| - | - |
|---|---|

10.1

**1,017,000**

-

### **10.1 Ageing analysis of trade debtors are as follows:**

Not yet due

**113,000**

-

Upto 30 days

**113,000**

-

31 to 90 days

**339,000**

-

91 days to 180 days

**452,000**

-

More than 180 days

-

-

**1,017,000**

-

- 10.2** The maximum aggregate amount receivable from AKD REIT Management Company Limited at the end of any month during the period was Rupees 1.017 million (2022: Nil). The balance due as at 30 June 2023 is received subsequent to year end.

## **11. OTHER RECEIVABLE**

### **Related Parties - Unsecured**

R.A. Enterprises

11.1

**10,100,833**

7,700,833

Creek Developers (Private) Limited (CDPL)

11.3

**4,451,084**

4,451,084

AKD Securities Limited

-

351,845

**14,551,917**

12,503,762

Less: Allowance for expected credit loss

As at 01 July

**9,651,917**

8,651,917

Recognized during the year

**2,500,000**

1,000,000

As at 30 June

**(12,151,917)**

(9,651,917)

**2,400,000**

2,851,845



- 11.1** The maximum aggregate amount receivable from R.A Enterprises at the end of any month during the year was Rupees 10.101 million (2022: Rupees 7.701 million). Subsequent to year-end, an amount of Rupees 2.400 million is recovered.
- 11.2** As at 30 June 2023, receivable from R.A Enterprises amounting to Rupees 7.701 million (2022: Rupees 5.201 million) were Impaired and provided for. The ageing of these trade debts were of more than 365 days.
- 11.3** This represents the balance receivable of allocated share of common expenses.
- 11.4** The maximum aggregate amount receivable from CDPL at the end of any month during the year was Rupees 4.451 million (2022: Rupees 4.451 million) were Impaired and provided for. The ageing of this receivable were of more than 365 days.

| <b>12. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b> |                  | <b>2023</b>  | <b>2022</b>                  |
|---|------------------|--|------------------------------|
|   |                  | <b>Rupees</b>  | <b>Rupees</b>                |
| <b>2023</b>   | <b>2022</b>      |  |                              |
| <b>(Number of shares)</b>                               |                  |  |                              |
| <b>2,138,681</b>  | <b>2,138,681</b> | Ordinary shares of Rupees 10 each fully paid in cash.                | <b>21,386,810</b> 21,386,810 |
| <b>368,311</b>  | <b>368,311</b>   | Ordinary shares of Rupees 10 each issued as fully paid bonus shares. | <b>3,683,110</b> 3,683,110   |
| <b>479</b>  | <b>479</b>       | Ordinary shares of Rupees 10 each forfeited.                         | <b>2,813</b> 2,813           |
| <b>2,507,471</b>  | <b>2,507,471</b> |  | <b>25,072,733</b> 25,072,733 |

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

|  | <b>Number of shares</b> |         |
|--|-------------------------|---------|
| AKD Securities Limited   | <b>306,290</b>          | 57,290  |
| Aqeel Karim Dhedhi Securities (Private) Limited-Staff Provident Fund | <b>249,000</b>          | 249,000 |
|  | <b>555,290</b>          | 306,290 |

**13. RESERVES**

**Composition of reserves is as follows:**

**Capital reserves**

|                    |      |                     |              |
|--------------------|------|---------------------|--------------|
| Share premium      | 13.1 | <b>20,891,600</b>   | 20,891,600   |
| Fair value reserve |      | <b>(25,156,000)</b> | (15,656,000) |
|                    |      | <b>(4,264,400)</b>  | 5,235,600    |

**Revenue reserves**

|                  |  |                     |              |
|------------------|--|---------------------|--------------|
| General reserve  |  | <b>752,000</b>      | 752,000      |
| Accumulated loss |  | <b>(23,420,691)</b> | (18,458,861) |
|                  |  | <b>(22,668,691)</b> | (17,706,861) |
|                  |  | <b>(26,933,091)</b> | (12,471,261) |

- 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 | 2023<br>Rupees   | 2022<br>Rupees |
|---|------|------------------|----------------|
| Balance as at 01 July                           |      | 800,612          | 767,533        |
| Finance cost                                    |      | 9,388            | 33,079         |
| Less: payment made during the year              |      | -                | -              |
|   |      | <b>810,000</b>   | 800,612        |
| Overdue portion shown under current liabilities |      | <b>(810,000)</b> | (540,000)      |
| Current portion shown under current liabilities |      | -                | (260,612)      |
| Non current portion                             |      | -                | -              |

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 year in which these payments will become due are as follows:

|   | 2023                           |                        |                                       |
|---|--------------------------------|------------------------|---------------------------------------|
|   | Minimum<br>lease<br>commitment | Future finance<br>cost | Future value<br>of lease<br>liability |
| Overdue Portion                                   | 810,000                        | -                      | 810,000                               |
| Not later than one year                           | -                              | -                      | -                                     |
| Later than one year but not later than five years | -                              | -                      | -                                     |
|   | <b>810,000</b>                 | -                      | <b>810,000</b>                        |

|   | 2022                           |                        |                                       |
|---|--------------------------------|------------------------|---------------------------------------|
|   | Minimum<br>lease<br>commitment | Future finance<br>cost | Future value<br>of lease<br>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>                 | 42,467                 | <b>800,612</b>                        |

#### 15. TRADE AND OTHER PAYABLES

|   |                  |                  |
|---|------------------|------------------|
| Accrued liabilities                               | 960,428          | 1,127,788        |
| Payable to AKD Securities Limited - related party | 1,762,156        | 1,287,590        |
| Withholding tax payable                           | 430,891          | 318,591          |
| Provision for workers welfare fund                | 294,522          | 294,522          |
| Sales tax payable - net                           | 135,980          | -                |
|   | <b>3,583,977</b> | <b>3,028,491</b> |



| <b>16. SHORT TERM BORROWING - Unsecured</b>     | <b>Note</b> | <b>2023<br/>Rupees</b> | <b>2022<br/>Rupees</b> |
|---|-------------|------------------------|------------------------|
| Loan from related party                         | 16.1        | <b>9,750,001</b>       | 6,350,001              |
| Less: Loan reclassified as capital contribution |             | <b>(9,750,001)</b>     | -                      |
|   |             | <u>-</u>               | <u>6,350,001</u>       |

**16.1** This represented interest free loan obtained from AKD Group Holdings (Private) Limited, a related party and was payable on demand granted for the purpose to meet the working capital requirements of the Company. During the year, the Company has entered into a tri-partite agreement, where the right to receive this loan is transferred to the sponsor shareholder Mr. Aqeel Karim Dhedhi. As at reporting date, the Company is under no obligation to pay to AKD Group Holdings (Private) Limited. Under the revised terms of loan with the Sponsor, the limit of this loan is increased to Rupees 20 million and available to the Company as and when needed to meet the Company's liquidity requirements. This loan is interest free and is payable on description of the Company to the Sponsor. Accordingly, the same has been reclassified as capital contribution in equity in accordance with TR-32 issued by the Institute of Chartered Accountants of Pakistan (ICAP).

## **17. CONTINGENCIES AND COMMITMENTS**

### **17.1 Contingencies**

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 outstanding as at the reporting date (2022: Nil).

**18.** This balance represents the billing made under service agreement entered into during the year for provision of services regarding review of third party pre-feasibility or feasibility studies to establish hospitality related business and other ancillary services to the related party.

## **19. ADMINISTRATIVE AND GENERAL EXPENSES**

|                                |      |                         |                  |
|--------------------------------|------|-------------------------|------------------|
| Salaries and benefits          | 19.1 | <b>1,561,600</b>        | 1,165,200        |
| Director's meeting fee         |      | <b>310,000</b>          | 271,000          |
| Printing and stationery        |      | <b>16,250</b>           | 17,140           |
| Postage and telegram           |      | <b>3,785</b>            | 1,000            |
| Fees, taxes and subscription   |      | <b>668,612</b>          | 687,651          |
| Legal and professional         |      | <b>590,040</b>          | 604,080          |
| Advertisement and publicity    |      | <b>56,525</b>           | 156,300          |
| Entertainment                  |      | <b>251,551</b>          | 159,737          |
| Penalty                        |      | -                       | 70,000           |
| Auditors' remuneration         | 19.2 | <b>747,900</b>          | 747,900          |
| Depreciation                   |      | <b>359,913</b>          | 377,323          |
| Office expenses                |      | <b>108,231</b>          | 400              |
| Repair and maintenance         |      | <b>88,600</b>           | 64,800           |
| Advance Income tax written off |      | <b>1,110,440</b>        | -                |
| Bank charges                   |      | <b>2,538</b>            | 3,960            |
|                                |      | <u><b>5,875,985</b></u> | <u>4,326,491</u> |

## 19.1 Remuneration of Directors and Executives

No remuneration has been paid to Chief Executive Officer and Company's secretary during the year (2022: Nil).

| 19.2 Auditors' remuneration             | 2023<br>Rupees | 2022<br>Rupees |
|---|----------------|----------------|
| Audit fee                               | 440,000        | 440,000        |
| Half yearly review fee                  | 130,000        | 130,000        |
| Code of Corporate Governance review fee | 41,000         | 41,000         |
| Other certification                     | 22,000         | 22,000         |
| Out of pocket expenses                  | 59,500         | 59,500         |
| Sindh Sales tax @ 8%                    | 55,400         | 55,400         |
|   | <u>747,900</u> | <u>747,900</u> |

## 20. 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.

## 21. TAXATION

|              |      |                |                 |
|--------------|------|----------------|-----------------|
| Current tax  | 21.1 | 192,000        | 200,000         |
| Prior year   |      | -              | (87,640)        |
| Deferred tax | 21.2 | (15,544)       | (154,797)       |
|              |      | <u>176,456</u> | <u>(42,437)</u> |

### 21.1 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.

### 21.2 Deferred tax liability

#### Deferred tax on:

Deductible temporary differences

|  |                  |                  |
|--|------------------|------------------|
| - Liabilities subject to lease                           | 234,900          | 163,262          |
| - Provision for expected credit Loss                     | 3,524,056        | 1,508,242        |
| - Fair value adjustment relating to investment at FVTOCI | -                | 1,957,000        |
| - Available tax losses                                   | 2,814,983        | 2,284,501        |
|  | <u>6,573,939</u> | <u>5,913,005</u> |

Taxable temporary differences

|  |                  |                  |
|--|------------------|------------------|
| - Depreciation on property and equipment | 169,878          | 185,422          |
| As at 30 June                            | <u>6,404,061</u> | <u>5,727,583</u> |

As at 01 July

|                                   |      |                    |                    |
|-----------------------------------|------|--------------------|--------------------|
| Asset available for the year      |      | 185,422            | 1,695,252          |
| Deferred tax asset not recognised | 21.4 | <u>(6,573,939)</u> | <u>(5,913,005)</u> |
| Deferred tax liability recognised |      | <u>169,878</u>     | <u>185,422</u>     |
| Charge for the year               |      | <u>15,544</u>      | <u>1,509,830</u>   |



| <b>21.3 Movement of deferred tax liability</b> | <b>Note</b> | <b>2023<br/>Rupees</b> | <b>2022<br/>Rupees</b> |
|--|-------------|------------------------|------------------------|
| Opening balance                                |             | 185,422                | 1,695,252              |
| Charged for the year to :                      |             |                        |                        |
| Profit and loss                                |             | <u>(15,544)</u>        | (154,797)              |
| Comprehensive income                           |             | -                      | (1,355,033)            |
|  |             | <u>(15,544)</u>        | (1,509,830)            |
| Closing balance                                |             | <u>169,878</u>         | 185,422                |

**21.4** 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.

**21.5 Relationship between current tax expense and accounting loss:**

|                                    |    |                    |             |
|------------------------------------|----|--------------------|-------------|
| Accounting loss before taxation    |    | <u>(4,785,373)</u> | (2,859,570) |
| Tax @ 29% (2022: 29%)              |    | <u>(1,387,758)</u> | (829,275)   |
| Effect of:                         |    |                    |             |
| Accelerated depreciation           |    | 15,543             | 16,967      |
| Leased assets                      |    | 71,638             | 78,508      |
| Allowance for expected credit loss |    | 725,000            | 290,000     |
| Minimum tax                        |    | <u>767,577</u>     | 643,800     |
|                                    | 21 | <u>192,000</u>     | 200,000     |

**22. 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 (Rupees)                          |  | <u>(4,961,829)</u> | (2,817,133) |
| Weighted average number of ordinary shares (Number) |  | <u>2,507,471</u>   | 2,507,471   |
| Loss per share - basic & diluted (Rupees)           |  | <u>(1.98)</u>      | (1.12)      |

**23. RECONCILIATION OF MOVEMENT OF LIABILITY TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES:**

**Short term borrowing**

|                 |  |                  |           |
|-----------------|--|------------------|-----------|
| As at 01 July   |  | 6,350,001        | 4,450,001 |
| Amount received |  | 3,400,000        | 1,900,000 |
| Amount paid     |  | -                | -         |
| As at 30 June   |  | <u>9,750,001</u> | 6,350,001 |

## 24. 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 | 2023<br>Rupees    | 2022<br>Rupees |
|--|--|------------------------------------|-------------------|----------------|
| i. AKD Securities Limited                | Common directorship and 2.28% shareholding | Expenses credited                  | <u>491,366</u>    | 371,807        |
|  |  | Paid/adjusted during the year      | <u>16,800</u>     | -              |
|  |  | Balance at year end                | <u>1,762,156</u>  | 1,287,590      |
| ii. Creek Developers (Private) Limited   | Common directorship and 0.01% shareholding | Expenses debited                   | <u>-</u>          | -              |
|  |  | Balance at year end                | <u>4,451,084</u>  | 4,451,084      |
|  |  | Expected credit loss               | <u>4,451,084</u>  | 4,451,084      |
| iii. R.A. Enterprises                    | Sponsor's interest                         | Consultancy fee                    | <u>2,400,000</u>  | 2,500,000      |
|  |  | Collection during the year         | <u>-</u>          | 1,400,000      |
|  |  | Balance at year end                | <u>10,100,833</u> | 7,700,833      |
| iv. AKD Group Holdings (Private) Limited | Common directorship                        | Funds received                     | <u>3,400,000</u>  | 1,900,000      |
|  |  | Balance payable                    | <u>-</u>          | 6,350,001      |
| v. Mr. Aqeel Karim Dhedhi                | Sponsor shareholder                        | Capital contribution               | <u>9,750,001</u>  | -              |
| vi. AKD REIT Management Company Limited  | Common directorship and 0.04% shareholding | Retainership income                | <u>1,200,000</u>  | -              |
|  |  | Balance at year end                | <u>1,017,000</u>  | -              |

## 25. FINANCIAL RISK MANAGEMENT

### 25.1 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 other comprehensive income 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) |                |
|-----------------------|---------------------------------|----------------|---------------------------------------|----------------|
|                       | 2023<br>Rupees                  | 2022<br>Rupees | 2023<br>Rupees                        | 2022<br>Rupees |
| KSE 100 (5% increase) | -                               | -              | 544,500                               | 1,019,500      |
| KSE 100 (5% decrease) | -                               | -              | (544,500)                             | (1,019,500)    |

**(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 | 10,890,000        | 20,390,000        |
| Long-term deposit     | 20,000            | 20,000            |
| Trade debts           | 1,017,000         | -                 |
| Other receivables     | 2,400,000         | 2,851,845         |
| Bank balances         | 368,953           | 178,768           |
|                       | <b>14,695,953</b> | <b>23,440,613</b> |

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     |           |        | 2023<br>Rupees | 2022<br>Rupees |
|-----------------------|------------|-----------|--------|----------------|----------------|
|                       | Short Term | Long Term | Agency |                |                |
| MCB Bank Limited      | A1+        | AAA       | PACRA  | 217,017        | 27,635         |
| United Bank Limited   | A-1+       | AAA       | VIS    | 4,179          | 4,179          |
| Bank Al-Habib Limited | A1+        | AAA       | PACRA  | 147,757        | 146,954        |
|                       |            |           |        | <b>368,953</b> | <b>178,768</b> |

#### Investments

|                                     |         |    |       |                   |                   |
|-------------------------------------|---------|----|-------|-------------------|-------------------|
| AKD REIT Management Company Limited | Unrated |    | -     | -                 | -                 |
| Creek Developers (Private) Limited  | Unrated |    | -     | 98,000            | 98,000            |
| Cnergyco Pk Limited - quoted        | A2      | A- | PACRA | 10,792,000        | 20,292,000        |
|                                     |         |    |       | <b>10,890,000</b> | <b>20,390,000</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 2023, the Company had Rupees 0.369 million (2022: 0.179 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 2023

|                           | Carrying Amount<br>Rupees | Contractual Cash Flows<br>Rupees | 06 month or less<br>Rupees | 06 months to 12 months<br>Rupees | More than 01 year<br>Rupees |
|---------------------------|---------------------------|----------------------------------|----------------------------|----------------------------------|-----------------------------|
| Trade and other payables  | 2,722,584                 | 2,722,584                        | 2,722,584                  | -                                | -                           |
| Liabilities against lease | 810,000                   | 810,000                          | 810,000                    | -                                | -                           |
| Unclaimed dividend        | 2,476,962                 | 2,476,962                        | 2,476,962                  | -                                | -                           |
|                           | <b>6,009,546</b>          | <b>6,009,546</b>                 | <b>6,009,546</b>           | <b>-</b>                         | <b>-</b>                    |



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

|                           | 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   | 2,415,378         | 2,415,378              | 2,415,378         | -                      | -                 |
| Short term borrowing      | 6,350,001         | 6,350,001              | 6,350,001         | -                      | -                 |
| Liabilities against lease | 800,612           | 810,000                | 675,000           | 135,000                | -                 |
| Unclaimed dividend        | 2,476,962         | 2,476,962              | 2,476,962         | -                      | -                 |
|                           | <u>12,042,953</u> | <u>12,052,341</u>      | <u>11,917,341</u> | <u>135,000</u>         | <u>-</u>          |

### 25.2 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             |
|--|-------------------|----------|---------------|-------------------|
|  | Rupees            | Rupees   | Rupees        | Rupees            |
| <b>As at 30 June 2023</b>                                      |                   |          |               |                   |
| Investments at 'fair value through other comprehensive income' | <u>10,792,000</u> | <u>-</u> | <u>98,000</u> | <u>10,890,000</u> |
| <b>As at 30 June 2022</b>                                      |                   |          |               |                   |
| Investments at 'fair value through other comprehensive income' | <u>20,292,000</u> | <u>-</u> | <u>98,000</u> | <u>20,390,000</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.

**25.3 Recognized fair value measurements - non-financial assets**

There were no non-financial assets as at 30 June 2023 (2022: Nil) for the recognized fair value measurement.

**25.4 Financial instruments by categories**

| As at 30 June 2023                                   | At 'fair value<br>through other<br>comprehensive<br>income | At amortized<br>cost | Total             |
|--|--|----------------------|-------------------|
|  | Rupees   | Rupees               | Rupees            |
| <b>Assets as per statement of financial position</b> |  |                      |                   |
| Long-term investments                                | 10,890,000   | -                    | 10,890,000        |
| Long-term deposit                                    | -  | 20,000               | 20,000            |
| Trade debts  | -  | 1,017,000            | 1,017,000         |
| Other receivable                                     | -  | 2,400,000            | 2,400,000         |
| Bank balances  | -  | 368,953              | 368,953           |
|  | <u>10,890,000</u>  | <u>3,805,953</u>     | <u>14,695,953</u> |

|   | At 'fair value<br>through profit<br>or loss' | At amortized<br>cost | Total            |
|---|--|----------------------|------------------|
|   | Rupees                                       | Rupees               | Rupees           |
| <b>Liabilities as per statement of financial position</b> |  |                      |                  |
| Trade and other payables                                  | -  | 2,722,584            | 2,722,584        |
| Lease liabilities   | -  | 810,000              | 810,000          |
| Unclaimed dividend  | -  | 2,476,962            | 2,476,962        |
|   | <u>-</u>                                     | <u>6,009,546</u>     | <u>6,009,546</u> |



**As at 30 June 2022**

|  | <b>At 'fair value through other comprehensive income'</b> | <b>At amortized cost</b> | <b>Total</b>      |
|--|---|--------------------------|-------------------|
|  | <b>Rupees</b>   | <b>Rupees</b>            | <b>Rupees</b>     |
| <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  | -   | -                        | -                 |
| Advances, deposits and prepayments                   | -   | 40,000                   | 40,000            |
| Other receivables                                    | -   | 2,851,845                | 2,851,845         |
| Bank balances  | -   | 178,768                  | 178,768           |
|  | <u>20,390,000</u>   | <u>3,090,613</u>         | <u>23,480,613</u> |

|   | <b>At 'fair value through profit or loss'</b> | <b>At amortized cost</b> | <b>Total</b>      |
|---|---|--------------------------|-------------------|
|   | <b>Rupees</b>                                 | <b>Rupees</b>            | <b>Rupees</b>     |
| <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         |
|   | -   | <u>12,042,953</u>        | <u>12,042,953</u> |

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

|                                    | <b>Financial assets</b> | <b>Non-financial assets</b> | <b>Total as per financial position</b> |
|------------------------------------|-------------------------|-----------------------------|--|
|                                    | <b>Rupees</b>           | <b>Rupees</b>               | <b>Rupees</b>                          |
| <b>As at 30 June 2023</b>          |                         |                             |  |
| <b>Assets as per balance sheet</b> |                         |                             |  |
| Property and equipment             | -                       | 969,881                     | 969,881                                |
| Long-term investments              | 10,890,000              | -                           | 10,890,000                             |
| Long-term deposit                  | 20,000                  | -                           | 20,000                                 |
| Trade debts                        | 1,017,000               | -                           | 1,017,000                              |
| Other receivable                   | 2,400,000               | -                           | 2,400,000                              |
| Advance income tax                 | -                       | 1,252,910                   | 1,252,910                              |
| Bank balances                      | 368,953                 | -                           | 368,953                                |
|                                    | <u>14,695,953</u>       | <u>2,222,791</u>            | <u>16,918,744</u>                      |

|   | <b>Financial liabilities</b> | <b>Non-financial Liabilities</b> | <b>Total as per financial position</b> |
|---|------------------------------|----------------------------------|--|
|   | <b>Rupees</b>                | <b>Rupees</b>                    | <b>Rupees</b>                          |
| <b>As at 30 June 2023</b>               |                              |                                  |  |
| <b>Liabilities as per balance sheet</b> |                              |                                  |  |
| Trade and other payables                | 2,722,584                    | 861,393                          | 3,583,977                              |
| Contract liability                      | -                            | 100,000                          | 100,000                                |
| Provision for taxation                  | -                            | 2,058,161                        | 2,058,161                              |
| Lease liabilities                       | 810,000                      | -                                | 810,000                                |
| Unclaimed dividend                      | 2,476,962                    | -                                | 2,476,962                              |
|   | <u>6,009,546</u>             | <u>3,019,554</u>                 | <u>9,029,100</u>                       |

|                                    | <b>Financial assets</b> | <b>Non-financial assets</b> | <b>Total as per financial position</b> |
|------------------------------------|-------------------------|-----------------------------|--|
|                                    | <b>Rupees</b>           | <b>Rupees</b>               | <b>Rupees</b>                          |
| <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                        | -                       | -                           | -                                      |
| Advances, deposits and prepayments | 40,000                  | 1,646                       | 41,646                                 |
| Other receivable                   | 2,851,845               | -                           | 2,851,845                              |
| Advance income tax                 | -                       | 2,327,190                   | 2,327,190                              |
| Bank balances                      | 178,768                 | -                           | 178,768                                |
|                                    | <b>23,480,613</b>       | <b>3,658,630</b>            | <b>27,139,243</b>                      |

|   | <b>Financial liabilities</b> | <b>Non-financial Liabilities</b> | <b>Total as per financial position</b> |
|---|------------------------------|----------------------------------|--|
|   | <b>Rupees</b>                | <b>Rupees</b>                    | <b>Rupees</b>                          |
| <b>As at 30 June 2022</b>               |                              |                                  |  |
| <b>Liabilities as per balance sheet</b> |                              |                                  |  |
| Trade and other payables                | 2,415,378                    | 613,113                          | 3,028,491                              |
| Short term borrowing                    | 6,350,001                    | -                                | 6,350,001                              |
| Provision for taxation                  | -                            | 1,881,705                        | 1,881,705                              |
| Lease liabilities                       | 800,612                      | -                                | 800,612                                |
| Unclaimed dividend                      | 2,476,962                    | -                                | 2,476,962                              |
|   | <b>12,042,953</b>            | <b>2,494,818</b>                 | <b>14,537,771</b>                      |

## 25.5 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.

## 26. 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.

## 27. NUMBER OF EMPLOYEES

The number of employees during the year is as follows:

|                     | <b>2023</b>        |                | <b>2022</b>        |                |
|---------------------|--------------------|----------------|--------------------|----------------|
|                     | <b>At year end</b> | <b>Average</b> | <b>At year end</b> | <b>Average</b> |
| Number of employees | <b>3</b>           | <b>5</b>       | <b>6</b>           | <b>6</b>       |

**27.1** Other 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 in ensuing financial year.



**28. DATE OF AUTHORIZATION**

These financial statements were approved and authorized for the issue on 03 OCT 2023 by the Board of Directors of the Company.

**29. CORRESPONDING FIGURES**

No significant reclassification and rearrangement of the corresponding figures has been made during the year in these financial statements except for the following for better presentation:

| <b>From</b> | <b>To</b>         | <b>Rupees</b>    |
|-------------|-------------------|------------------|
| Trade debts | Other Receivables | <u>2,500,000</u> |

**30. GENERAL**

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



THE COMPANIES ACT, 2017  
THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2018 [Section 227(2)(f)]

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 3

| 2.2. No of shareholders | Shareholdings  | Total shares held |
|-------------------------|--|-------------------|
| 479                     | shareholding from 1 to 100 shares                        | 9,056             |
| 155                     | shareholding from 101 to 500 shares                      | 51,994            |
| 60                      | shareholding from 501 to 1000 shares                     | 50,750            |
| 59                      | shareholding from 1001 to 5000                           | 131,324           |
| 6                       | shareholding from 5001 to 10000                          | 51,575            |
| 3                       | shareholding from 10001 to 15000                         | 36,662            |
| 2                       | shareholding from 15001 to 20000                         | 36,768            |
| 2                       | shareholding from 20001 to 30000                         | 48,933            |
| 1                       | shareholding from 30001 to 40000                         | 37,968            |
| 4                       | shareholding from 40001 to 95000                         | 251,520           |
| 1                       | shareholding from 95001 to 145000                        | 130,680           |
| 1                       | shareholding from 145001 to 195000                       | 166,340           |
| 3                       | shareholding from 195001 to 695000                       | 755,190           |
| 1                       | shareholding from 695001 to 750000                       | 748,232           |
| 777                     | <i>(Add appropriate stubs of shareholdings)</i><br>Total | 2,506,992         |







| 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.                       | 555,290    | 22.23      |
| 2.3.3 | NIT and ICP   | 0          | 0.00       |
| 2.3.4 | Banks Development Financial Institutions, Non-Banking Financial Institutions. | 263,901    | 10.56      |
| 2.3.5 | Insurance Companies   | 300        | 0.01       |
| 2.3.6 | Modarabas and Mutual Funds  | 5,000      | 0.20       |
| 2.3.7 | Shareholders holding 10%  | 878,912    | 35.03      |
| 2.3.8 | General Public  |            |            |
|       | a. Local  | 800,089    | 31.91      |
|       | b. Foreign  | 0          | 0.00       |
| 2.3.9 | Others (to be specified)  | 0          | 0.00       |

