



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Qualified Opinion**

We have audited the annexed financial statements of **PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED** (the Corporation), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, the statement of 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 except for the matters described in the "Basis For Qualified Opinion" Section and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss account, statement of comprehensive income, 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 Corporation's affairs as at June 30, 2020 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Qualified Opinion**

1. Capital Work in Progress amounting to Rs.269.131 million as reflected on the statement of financial position (Note 7) has neither been capitalized as operating fixed assets nor did management conduct any impairment review of the assets classified under Capital Work in Progress. In such circumstances we are unable to report whether carrying amount of the assets under Capital Work in Progress is reasonably reported.
2. Management has not conducted physical verification of fixed assets on perpetual basis or otherwise; and has not carried out impairment review as required under International Accounting Standard 36 "Impairment of Assets". In the absence of such a review we are unable to assess whether the carrying values of property, plant and equipment are accurately stated.
3. Impairment loss on financial assets; investments in PTDC Motels South (Private) Limited, a subsidiary company, and Malam Jabba Resorts Limited, amounting to Rs.210,000 and Rs.2,755,410 respectively, has not been recognized in these financial statements as per applicable reporting standards, as these companies have ceased their operational activities in prior years. Moreover, the related Equity Participation Reserve against shares in Malam Jabba Resorts Limited has not been adjusted.

*NZAJ*



4. Receivables amounting to Rs. 67.133 million (Note 13) from; PTDC Motels North (Private) Limited, a Subsidiary Company is overstated by an amount of Rs.34.030 million. This amount was received by the Corporation from the Government of Pakistan, in respect of Grant for the Subsidiary during the year ended June 30, 2013.
5. Tax deducted at source in prior year up to June 30, 2019 amounting to Rs.9.269 million has not been deposited with the Tax Authorities in accordance with the requirements of the Income Tax Ordinance, 2001, which may result in penal action by the FBR against the Corporation.
6. The Corporation has not accounted for deferred taxation which is contrary to the requirements of the International Accounting Standard 12 "Income Taxes". Moreover, deferred tax liability/asset as at June 30, 2020 cannot be quantified due to non-availability of the related records.
7. As disclosed in Note 27.1(c) to the financial statements, in the light of decision made by Supreme Court of Pakistan, the Corporation has not accounted for interest on Rs.4.511 million payable for acquisition of land at Saidu Sharif, Swat.

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 auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation 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 qualified opinion.

#### **Material Uncertainty Related to Going Concern**

The Corporation has accumulated loss of Rs.679.831 million as at June 30, 2020 and as at that date Corporation's current liabilities exceeded its current assets by Rs.46.087 million. Further, as a result of 18th constitutional amendment, the subject of Tourism has been devolved. PTDC Board of Directors in their 75th Board meeting has approved to transfer the asset of the Corporation to provinces on location basis. The devolution could not be materialized due to court restraints. The employees of the Corporation approached different courts for protection of their legitimate right and servant protection. These conditions indicate the existence of material uncertainty which may cast doubt about the Corporation's ability to continue as going concern. These financial statements have been prepared on going concern basis without any adjustment to assets and liabilities.

#### **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.

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### **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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Corporation'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 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 Corporation'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 that may cast significant doubt on the Corporation'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 Corporation 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.

*NZJ*

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 have identified during our audit.

**Report on Other Legal and Regulatory Requirements**

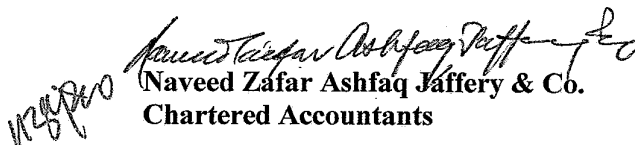
Based on our audit, except for the matters stated in the 'Basis for Qualified Opinion' Para above, we further report that in our opinion:

- a) proper books of account have been kept by the Corporation as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, statement of 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 Corporation's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980).

**Other Matter**

The engagement partner on the audit resulting in this independent auditor's report is **Shah Saeed Naveed**.

Place: Islamabad  
Date: 15 DEC 2021

  
Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants

PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	5	8,047,806	9,625,692
Tourism promotion and development projects	6	62,395,998	59,195,698
Capital work in progress	7	269,131,471	258,517,309
		<u>339,575,275</u>	<u>327,338,699</u>
Investments	8	28,803,651	41,631,202
Long term deposits	9	3,933,908	3,679,796
		<u>32,737,559</u>	<u>372,649,697</u>
<b>CURRENT ASSETS</b>			
Stores	10	-	2,243,698
Stock in trade	11	122,166	156,916
Trade debtors	12	3,295,340	8,041,861
Receivable from subsidiary companies	13	67,133,184	73,843,111
Loans and advances	14	19,571,423	25,604,212
Prepayments	15	69,863	926,963
Taxation- net	16	11,583,051	10,612,012
Other receivables	17	4,488,026	13,115,718
Cash and bank balances	18	8,185,612	6,505,779
		<u>114,448,665</u>	<u>141,050,269</u>
		<u>486,761,499</u>	<u>513,699,966</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized: 70,000,000 ordinary shares of Rs.10/- each		<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital	19	170,532,640	170,532,640
Capital reserves	20	16,773,153	16,773,153
Advance against issue of shares	21	681,678,972	662,118,604
Accumulated loss		<u>(679,831,524)</u>	<u>(708,263,339)</u>
		<u>189,153,241</u>	<u>141,161,058</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred Income - Government grants	22	-	-
Deferred liabilities	23	137,071,606	163,545,323
		<u>137,071,606</u>	<u>163,545,323</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	24	128,247,293	143,663,508
Payable to subsidiary company	25	32,289,359	32,063,966
Bank overdrafts	26	-	33,266,111
		<u>160,536,652</u>	<u>208,993,585</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	27	-	-
		<u>486,761,499</u>	<u>513,699,966</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.



MANAGING DIRECTOR



DIRECTOR

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PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED  
 STATEMENT OF PROFIT OR LOSS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales - net	28	49,766,509	147,459,354
Cost of sales	29	(62,170,140)	(148,610,948)
Gross (loss) / profit		(12,403,631)	(1,151,594)
Operating expenses			
Administrative expenses	30	(37,163,531)	(38,759,038)
Hotels head office expenses		-	(10)
Selling expenses		(30,912)	(52,824)
Financial charges		(2,184,126)	(35,081)
		(39,378,569)	(38,846,953)
Operating loss		(51,782,200)	(39,998,547)
Other income	31	57,712,888	24,547,303
Under / (overspent) grant			
Head office expenses	32	(6,550,565)	(12,182,905)
Tourism Information Centre	33	5,353,493	(13,756,772)
Publicity and Promotion	34	24,445,160	23,888,572
		23,248,088	(2,051,105)
Profit before taxation		29,178,776	(17,502,349)
Taxation	35	(746,961)	(3,822,023)
Profit after taxation		28,431,815	(21,324,372)
Earning per share- basic	36	1.67	(1.25)
Earning per share- diluted	36	0.34	(0.26)

The annexed notes from 1 to 45 form an integral part of these financial statements.



MANAGING DIRECTOR



DIRECTOR

**PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	2020 Rupees	2019 Rupees
Profit / (loss) after taxation	28,431,815	(21,324,372)
Total comprehensive income / (loss) for the year	<u>28,431,815</u>	<u>(21,324,372)</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.



**MANAGING DIRECTOR**



**DIRECTOR**

PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up capital	Capital Reserves	Advance against issue of shares	Accumulated Profit/(loss)	Total
----- Rupees -----					
Balance as at June 30, 2018	170,532,640	16,773,153	662,118,604	(686,938,967)	162,485,430
Total comprehensive loss for the year	-	-	-	(21,324,372)	(21,324,372)
Balance as at June 30, 2019	170,532,640	16,773,153	662,118,604	(708,263,339)	141,161,058
Total comprehensive loss for the year	-	-	-	28,431,815	28,431,815
Grant received for development projects	-	-	19,560,368	-	19,560,368
Balance as at June 30, 2020	<u>170,532,640</u>	<u>16,773,153</u>	<u>681,678,972</u>	<u>(679,831,524)</u>	<u>189,153,241</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.

*MSD/20*



MANAGING DIRECTOR



DIRECTOR



PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	37	20,707,940	(6,447,055)
Gratuity paid		(26,473,717)	(12,896,002)
Taxes paid/adjusted		(1,718,000)	(3,371,266)
Net cash used in operating activities		(7,483,777)	(22,714,323)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition in capital work in progress		(10,614,162)	-
Addition in operating fixed assets		(1,217,820)	(1,620,185)
Addition in development projects		8,196,760	-
Investments encashed - net		12,827,551	(2,061,558)
Long term security deposits		(254,112)	(153,009)
Net cash generated from investing activities		8,938,217	(3,834,752)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts from subsidiary company		225,393	5,531,446
Net cash generated from financing activities		225,393	5,531,446
Net increase in cash and cash equivalents		1,679,833	(21,017,629)
Cash and cash equivalents at beginning of the year		6,505,779	27,523,408
Cash and cash equivalents at end of the year		8,185,612	6,505,779

The annexed notes from 1 to 45 form an integral part of these financial statements.



MANAGING DIRECTOR



DIRECTOR

**PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**1 CORPORATE AND GENERAL INFORMATION**

**1.1 Legal status and operations**

Pakistan Tourism Development Corporation Limited was incorporated on March 30, 1970 under the repealed Companies Act, 1913 (now the Companies Act, 2017) as a Public Corporation Limited by shares. The registered office of the Corporation is in Kohsar Block, Ground Floor, Pak Secretariat, Islamabad. The principal objectives of the Corporation is the promotion and development of tourism industry in Pakistan and to carry on business connected therewith in Pakistan and elsewhere.

The registered office of the Corporation is in Kohsar Block, Ground Floor, Pak Secretariat, Islamabad

99.75% shares of the Corporation are held by the Federal Government of Pakistan.

The Corporation owns and controls the following subsidiaries:

<b>Name of subsidiaries</b>	<b>Percentage of Issued, Subscribed and paid up capital held</b>
Pakistan Tours (Private) Limited	100%
PTDC Motels North (Private) Limited	100%
PTDC Motels South (Private) Limited	100%
Associated Hotels of Pakistan	86.81%

- 1.2** The Corporation has accumulated loss of Rs. 679.831 million as at June 30, 2020 and as at that date Company's current liabilities exceeded its current assets by Rs. 46.087 million. Further, as a result of 18th constitutional amendment, the subject of Tourism has been devolved. PTDC Board of Directors in their 75th Board meeting has approved to transfer the assets of the Corporation to provinces on location basis. The devolution could not be materialized due to court restraints. The employees of the corporation approached different courts for protection of their legitimate right and servant protection. These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern.

These financial statements have been prepared on going concern basis without any adjustment to assets and liabilities. The management is confident of improving profitability through streamlining the operations of the Corporation.

**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 Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

**PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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

**2.2 Basis of measurement**

These financial statements have been prepared under historical cost conventions, except for certain financial instruments, which are carried at fair values.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

The preparation of these financial statements in conformity with approved accounting standards requires the management to exercise its judgment in the process of applying the Corporation's accounting policies and use of certain critical accounting estimates.

**2.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the Corporation's functional and presentation currency.

**3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**

**3.1 Standards or interpretations not yet effective**

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned below against the respective standard:

IFRS 17	Insurance Contracts	January 1, 2023
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The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards.
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The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**4.1 Staff retirement benefits**

**Defined benefit plan**

The Corporation operates an unfunded gratuity scheme for those employees who have completed a qualifying five years of service under PTDC - HO and one year of service under Flashman hotel. Provision is made annually to cover the obligation under this scheme.

**Defined contribution plan**

The Corporation operates a provident fund scheme for all its employees. The Corporation and employees make equal monthly contribution to the fund.

**4.2 Government grants**

Monetary grants received from the Government of Pakistan in respect of the planning and development, maintenance of Tourist Information Centres and Publicity & Promotion are treated as revenue grants. The net (unspent)/overspent amount of the grant under/over the related costs are charged to current year's income.

Monetary grants received from the Government of Pakistan in respect of development projects are treated as equity in the Corporation.

Monetary grants received from Government of Pakistan related to assets are recognized as deferred income. It is amortised to income for the year to the extent of depreciation expenses related to those assets charged to profit and loss.

**4.3 Foreign exchange**

Foreign currency transactions are recorded in Rupees at the exchange rate ruling on the transaction date. All assets and liabilities in foreign currencies are translated into Rupees at the exchange rate prevailing on the balance sheet date. Exchange gains and losses are included in the current year's income.

**4.4 Taxation**

**Current**

The Corporation accounts for current taxation on the basis of taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, in accordance with the provisions of the Income Tax Ordinance, 2001.

**Deferred**

Deferred tax is computed using the balance sheet liability method providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized.

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**4.5 Property plant and equipment**

**Operating fixed assets**

Operating fixed assets except freehold land are stated at cost less accumulated depreciation. Freehold land is stated at cost. Cost in relation to fixed assets signifies historical cost.

Depreciation is charged to income by applying the straight line method. Full month's depreciation is charged on additions while no depreciation is charged on disposals during the month.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised. Gains or losses on disposal of assets, if any, are taken to profit and loss account.

**4.6 Capital work-in-progress**

Capital work-in-progress are stated at cost and consist of expenditure incurred, advances made and other directly attributable costs in respect of operating fixed assets in the course of their construction and installation. Transfers are made to relevant operating fixed assets category as and when assets are available for use.

**4.7 Leased**

Assets subject to finance lease are recorded at lower of present value of minimum lease payments at the inception of lease term and their fair value on that date.

Assets under finance lease are depreciated over the useful lives of the assets on straight line method at rates specified in the relevant note. Financial charges and depreciation of leased hold assets are charged to income.

**4.8 Impairment**

The carrying amount of the Corporation's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognized as expense in the profit or loss account.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group.

The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

**4.9 Investments**

The Corporation classifies its investments under securities at held to maturity and available for sale categories. Investment in securities are recognised on a trade date basis and are initially measured at cost.

**Held to maturity**

These are securities with fixed or determinable payments and fixed maturity that the Corporation has the positive intent and ability to hold to maturity and are measured at cost, less any impairment loss recognised to reflect irrecoverable amounts.

**PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

These represent investments in Defence Saving Certificates and Term Deposit Receipts (TDR's) which are stated at amortized cost with any resulting gain or loss recognized directly in Profit and Loss account. These are recognized/derecognized by the Corporation on the date of purchase/sale of investments.

**Investments available for sale**

These are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair value. For listed securities, fair value is determined on the basis of period end bid prices obtained from stock exchange quotations, while investment in equity instruments that do not have a quoted market price in an active market whose fair value cannot be reliably measured are measured at cost.

All purchases and sales of investments are recognized on the trade date which is the date that the Corporation commits to purchase or sell the investment. Cost of purchase includes transaction cost.

Changes in carrying value are recognized in equity until the investment is sold or determined to be impaired at which time the cumulative gain or loss previously recognized in equity is included in profit and loss account for the year.

**Investments in subsidiary**

Investments in subsidiary companies is carried at cost. Provision is made for permanent impairment in value, if any.

**4.10 Stores and stocks**

Useable stores and stocks are valued at moving average cost while items considered obsolete are carried at nil value.

**4.11 Stock in trade**

These are valued at the lower of average cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make a sale.

**4.12 Trade debtors**

Trade debts are recognized and carried at original invoiced amount which is fair value of the consideration to be received in future. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Debts considered irrecoverable are written-off.

**4.13 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

**4.14 Provisions**

A provision is recognized in the balance sheet when the Corporation has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

*12/2/20*

**PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**4.15 Revenue recognition**

Revenue is recognized at the invoiced value of goods sold and services provided to the customers.

Dividend income is recognized as income on actual receipt basis.

Profit on bank deposits is recognized on accrual basis.

**4.16 Segment reporting**

A segment is a distinguishable component within the Corporation that is engaged in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

**4.17 Financial instruments**

All the financial assets and liabilities are recognized when the Corporation becomes party to the contractual provisions of the instruments. The Corporation de-recognizes the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments.

**4.18 Related party transactions**

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible.

**4.19 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet date at cost. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. In balance sheet, finances under mark-up arrangements are included in current liabilities.

**4.20 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the Corporation functional and presentation currency.

**4.21 Borrowings**

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted on accrual basis.

Borrowing costs are charged to profit and loss account in the period in which these are incurred.

**4.22 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Corporation has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

**PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4.23 Significant accounting judgments and critical accounting estimates/assumptions**

The preparation of financial statements in conformity with approved accounting standards requires the management to:-

- exercise its judgment in process of applying the Corporation's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

The management has exercised judgment in applying Corporation's accounting policies for classification of Post Employment Benefits as Defined Benefits Plan and Defined Contribution Plan (refer note 4.1 and note 23) that have the most significant effects on the amount recognized in the financial statements.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

**a) Income taxes**

The Corporation takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in note 4.4 of these financial statements.

**b) Property, plant and equipment**

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

**c) Contingencies**

The Company reviews the status of all the legal cases on regular basis. Based on expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

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5 OPERATING FIXED ASSETS

Description	Land - free hold	Building on free hold land	Building on lease hold land	Plant and machinery	Furniture and fixture	Computers	Vehicles and boats	Electrical, gas appliances and installations	Equipments	Linen, crockery and cutlery	Total
Rupees											
<b>Year ended June 30, 2020</b>											
Opening net book value (NBV)	2,801,943	483	977,813	7,824	2,366,952	191,717	637,678	1,272,030	1,369,249	3	9,625,692
Additions (at cost)	-	-	-	-	590,600	9,500	-	46,500	571,220	-	1,217,820
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(32,256)	(1,425)	(858,091)	(71,350)	(637,643)	(309,967)	(884,996)	-	(2,795,728)
<b>Closing net book value (NBV)</b>	<b>2,801,943</b>	<b>483</b>	<b>945,557</b>	<b>6,399</b>	<b>2,099,461</b>	<b>129,867</b>	<b>35</b>	<b>1,008,563</b>	<b>1,055,473</b>	<b>3</b>	<b>8,047,806</b>
<b>Gross carrying value basis</b>											
Cost	2,801,943	1,714,402	2,408,442	2,173,105	5,785,488	3,609,511	24,577,777	6,752,379	4,508,611	143,559	54,475,217
Accumulated depreciation	-	(1,713,919)	(1,462,885)	(2,166,706)	(3,686,049)	(3,479,644)	(24,577,742)	(5,743,816)	(3,453,094)	(143,556)	(46,427,411)
<b>Net book value (NBV)</b>	<b>2,801,943</b>	<b>483</b>	<b>945,557</b>	<b>6,399</b>	<b>2,099,439</b>	<b>129,867</b>	<b>35</b>	<b>1,008,563</b>	<b>1,055,517</b>	<b>3</b>	<b>8,047,806</b>
<b>Year ended June 30, 2019</b>											
Opening net book value (NBV)	2,801,943	483	1,020,297	9,249	2,092,135	61,548	2,047,735	1,048,693	1,178,331	3	10,260,417
Additions (at cost)	-	-	-	-	595,050	176,235	-	402,300	446,600	-	1,620,185
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(42,484)	(1,425)	(320,233)	(46,066)	(1,410,057)	(178,963)	(255,682)	-	(2,254,910)
<b>Closing net book value (NBV)</b>	<b>2,801,943</b>	<b>483</b>	<b>977,813</b>	<b>7,824</b>	<b>2,366,952</b>	<b>191,717</b>	<b>637,678</b>	<b>1,272,030</b>	<b>1,369,249</b>	<b>3</b>	<b>9,625,692</b>
<b>Gross carrying value basis</b>											
Cost	2,801,943	1,714,402	2,408,442	2,173,105	5,210,381	3,600,011	24,577,777	6,705,879	4,097,978	143,559	53,433,477
Accumulated depreciation	-	(1,713,919)	(1,430,629)	(2,165,281)	(2,843,429)	(3,408,294)	(23,940,099)	(5,433,849)	(2,728,729)	(143,556)	(43,807,785)
<b>Net book value (NBV)</b>	<b>2,801,943</b>	<b>483</b>	<b>977,813</b>	<b>7,824</b>	<b>2,366,952</b>	<b>191,717</b>	<b>637,678</b>	<b>1,272,030</b>	<b>1,369,249</b>	<b>3</b>	<b>9,625,692</b>

	Note	2020 Rupees	2019 Rupees
5.1 Depreciation has been allocated to as follows:			
Cost of sales	29	1,190,880	497,052
Head office expenses	32	1,554,105	1,716,931
Tourist information centre	33	1,412	1,139
Publicity and promotion	34	49,331	39,788
		<u>2,795,728</u>	<u>2,254,910</u>

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**6 TOURIST PROMOTION AND DEVELOPMENT PROJECTS**

Description	Land	Buildings	Furniture and fixture	Blankets	Carpet and curtains	Linen and crockery	Plant and machinery	Vehicles	Tents	Office equipment	Total
Rupees											
<b>Year ended June 30, 2020</b>											
<b>Net carrying value basis</b>											
Opening net book value (NBV)	28,046,442	31,149,083	37	20	28	32	47	4	3	2	59,195,698
Additions during the year	-	95,000	2,047,000	-	-	-	-	-	-	6,054,760	8,196,760
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge (6.1)	-	(4,878,489)	(17,058)	-	-	-	-	-	-	(100,913)	(4,996,460)
<b>Closing net book value (NBV)</b>	<b>28,046,442</b>	<b>26,365,594</b>	<b>2,029,979</b>	<b>20</b>	<b>28</b>	<b>32</b>	<b>47</b>	<b>4</b>	<b>3</b>	<b>5,953,849</b>	<b>62,395,998</b>
<b>Gross carrying value basis</b>											
Cost	28,046,442	312,195,270	21,819,989	2,405,678	3,684,591	6,219,188	11,282,817	8,128,598	511,035	6,496,735	400,790,343
Accumulated depreciation	-	(285,829,676)	(19,790,010)	(2,405,658)	(3,684,563)	(6,219,156)	(11,282,770)	(8,128,594)	(511,032)	(542,886)	(338,394,345)
<b>Net book value (NBV)</b>	<b>28,046,442</b>	<b>26,365,594</b>	<b>2,029,979</b>	<b>20</b>	<b>28</b>	<b>32</b>	<b>47</b>	<b>4</b>	<b>3</b>	<b>5,953,849</b>	<b>62,395,998</b>
<b>Year ended June 30, 2019</b>											
<b>Net carrying value basis</b>											
Opening net book value (NBV)	28,046,442	42,259,960	66,591	20	28	32	47	4	3	2	70,373,129
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge (6.1)	-	(11,110,878)	(66,554)	-	-	-	-	-	-	-	(11,177,432)
<b>Closing net book value (NBV)</b>	<b>28,046,442</b>	<b>31,149,083</b>	<b>37</b>	<b>20</b>	<b>28</b>	<b>32</b>	<b>47</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>59,195,698</b>
<b>Gross carrying value basis</b>											
Cost	28,046,442	312,100,270	19,772,989	2,405,678	3,684,591	6,219,188	11,282,817	8,128,598	511,035	441,975	392,593,583
Accumulated depreciation	-	(280,951,188)	(19,772,952)	(2,405,658)	(3,684,563)	(6,219,156)	(11,282,770)	(8,128,594)	(511,032)	(441,973)	(333,397,886)
<b>Net book value (NBV)</b>	<b>28,046,442</b>	<b>31,149,083</b>	<b>37</b>	<b>20</b>	<b>28</b>	<b>32</b>	<b>47</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>59,195,698</b>
<b>Depreciation rate % per annum</b>	<b>0</b>	<b>5</b>	<b>10</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>15</b>	<b>20</b>	<b>20</b>	<b>20</b>	

6.1 The cost of fully depreciated assets which are still in use as at June 30, 2020 is Rs. 142.933 million (2019: 142.933 million).

6.2 These operating fixed assets are under the possession and control of the PTDC Motels North (Private) Limited, a subsidiary of the corporation.

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**7 CAPITAL WORK IN PROGRESS**

Description	As at 01-07-2019	Additions / Adjustments during the year	Transferred to Operating Fixed Assets	As at 30-06-2020
----- Rupees -----				
Land	42,673,323	-	-	42,673,323
Civil works, landscaping, lease money and rent	180,341,552	10,010,322	-	190,351,874
Carpets, curtains, blanket and bed sheets	523,923	-	-	523,923
Plant and machinery	122,721	-	-	122,721
Furniture and fixture and office equipment	1,862,820	-	-	1,862,820
Consultancy and professional fee etc	18,625,390	-	-	18,625,390
Miscellaneous	3,200,634	-	-	3,200,634
Advances to suppliers	21,293,155	11,458,000	(10,854,161)	21,896,995
	<b>268,643,518</b>	<b>21,468,322</b>	<b>(10,854,161)</b>	<b>279,257,680</b>
<b>Less:</b>				
Provision against abandoned projects	(9,280,484)	-	-	(9,280,484)
Provision against completed projects	(845,725)	-	-	(845,725)
	<b>(10,126,209)</b>	<b>-</b>	<b>-</b>	<b>(10,126,209)</b>
<b>Total</b>	<b>258,517,309</b>	<b>21,468,322</b>	<b>(10,854,161)</b>	<b>269,131,471</b>

7.1 These represent various tourism development and promotion projects in progress throughout the country. These mainly comprise development and construction of tourist resorts, motels and hotels, camping and trekking facilities and other places and facilities of tourist attractions.

7.2 Advances to suppliers includes Rs. 2,494,375 (2019: Rs. 2,494,375) being payment of 65% advance made in 1993 to M/s Auto Trading Centre for the supply of five vehicles which have not yet been delivered to PTDC.

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	Note	2020 Rupees	2019 Rupees
<b>8 INVESTMENTS</b>			
Investments in subsidiary companies	8.1	5,298,240	5,298,240
Held to maturity	8.2	10,000,000	22,827,551
Available for sale	8.3	13,505,411	13,505,411
		<u>28,803,651</u>	<u>41,631,202</u>
<b>8.1 Investment in Subsidiary companies-unquoted</b>			
Pakistan Tours (Private) Limited 50,000 ordinary shares of Rs.10 each fully paid up in cash		500,000	500,000
PTDC Motels North (Private) Limited 29,200 ordinary shares of Rs.10 each fully paid up in cash		292,000	292,000
PTDC Motels South (Private) Limited 21,000 ordinary shares of Rs.10 each fully paid up in cash		210,000	210,000
Associated Hotels of Pakistan Limited 405,000 ordinary shares of Rs.10 each fully paid up in cash		4,296,240	4,296,240
		<u>5,298,240</u>	<u>5,298,240</u>
<b>8.2 Held to maturity</b>			
Term deposit receipts	8.2.1	10,000,000	22,827,551
8.2.1 This represents investment in term deposit receipts, having face value amounting to Rs. 10 million (2019: Rs. 18.9 million) with maturity after five years from the date of investment and carrying markup at rates ranging from 8.99% to 11.87% (2019: 8.99% to 11.87%) per annum. These term deposits receipts have been hypothecated with the Habib Bank Limited against the issuance of bank guarantee to Excise and Taxation Department against the liquor sale.			
<b>8.3 Available for sale</b>			
<b>Related parties-unquoted</b>			
Malam Jabba Resorts Limited 300,000 ordinary shares of Rs.10 each fully paid up in cash Cost: Rs. 3,000,000 (2017: Rs.3,000,000)		2,755,410	2,755,410
Tourism Promotion Services (Pakistan) Limited 1,075,000 ordinary shares of Rs.10 each fully paid up in cash Cost: Rs. 10,750,000 (2017: Rs.10,750,000)		10,750,001	10,750,001
		<u>13,505,411</u>	<u>13,505,411</u>

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		2020	2019
	Note	Rupees	Rupees
<b>9 LONG TERM DEPOSITS</b>			
Deposits	9.1	<u>3,933,908</u>	<u>3,679,796</u>
9.1	It includes an amount in respect of court case filed against PTDC by Farooq Ahmad Shah, ex - employee of flashman's hotel, for his unpaid dues amounting to Rs. 2,233,134. The case was pending with Supreme Court of Pakistan. However subsequent to year ending 30 June, 2020 the case has been resolved and decision is made in the favour of the corporation.		
<b>10 STORES</b>			
Cutlery and silverware		-	540,191
Crockery and glassware		-	339,185
Linen and napery		-	1,224,499
Kitchen utensils and equipment		-	139,823
		<u>-</u>	<u>2,243,698</u>
<b>11 STOCK IN TRADE</b>			
Liquor stock		<u>122,166</u>	<u>156,916</u>
		<u>122,166</u>	<u>156,916</u>
<b>12 TRADE DEBTORS</b>			
Unsecured			
Considered good		3,295,340	8,041,861
Considered doubtful		505,150	1,882,975
		<u>3,800,490</u>	<u>9,924,836</u>
Provision for doubtful debts		<u>(505,150)</u>	<u>(1,882,975)</u>
		<u>3,295,340</u>	<u>8,041,861</u>
<b>13 RECEIVABLE FROM SUBSIDIARY COMPANIES</b>			
Unsecured			
Considered good			
PTDC Motels North (Private) Limited		<u>67,133,184</u>	<u>73,843,111</u>
<b>14 LOANS AND ADVANCES</b>			
Unsecured			
Advances to staff - considered good		19,031,140	20,999,281
Advances to staff - considered doubtful		4,387	1,893,442
		<u>19,035,527</u>	<u>22,892,723</u>
Provision for advances		<u>(4,387)</u>	<u>(1,893,442)</u>
		<u>19,031,140</u>	<u>20,999,281</u>
Advances to suppliers		540,283	4,604,931
		<u>19,571,423</u>	<u>25,604,212</u>

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	Note	2020 Rupees	2019 Rupees
<b>15 PREPAYMENTS</b>			
Prepayments		69,863	926,963
		<u>69,863</u>	<u>926,963</u>
<b>16 TAXATION- NET</b>			
Opening balance		3,822,023	15,744,563
Provision for taxation - Current		746,961	3,822,023
Tax refund adjusted during the year		<u>(3,822,023)</u>	<u>(15,744,563)</u>
Closing balance		746,961	3,822,023
Less: Total tax deducted at source		<u>12,330,012</u>	<u>14,434,035</u>
		<u>11,583,051</u>	<u>10,612,012</u>
<b>17 OTHER RECEIVABLES</b>			
Unsecured			
Considered good			
Rental income receivable	17.1	3,579,776	12,760,068
Others		908,250	355,650
Other receivables		<u>4,488,026</u>	<u>13,115,718</u>

17.1 This includes Rs. 716,083 receivable from Usman Estates, a defaulter, on account of office rent. No provision has been created against the said amount as management has retained office equipment and furniture owned by the Usman Estate. However, no valuation of the office equipment and furniture has been carried out till date.

	Note	2020 Rupees	2019 Rupees
<b>18 CASH AND BANK BALANCES</b>			
Cash in hand		1,794,883	4,021,750
Cash at bank:			
Current accounts		513,421	490,961
Saving accounts	18.1	<u>5,877,308</u>	<u>1,993,068</u>
		<u>6,390,729</u>	<u>2,484,029</u>
		<u>8,185,612</u>	<u>6,505,779</u>

18.1 This carry markup at rates ranging from 3.45% to 5.25% (2019: 1.95 % to 5.45 %) per annum.

	2020 Rupees	2019 Rupees
<b>19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
	2020	2019
No. of ordinary shares		
17,053,264	17,053,264	17,053,264
Ordinary share of Rs.10 each fully paid in cash	<u>170,532,640</u>	<u>170,532,640</u>

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	Note	2020 Rupees	2019 Rupees
<b>20 CAPITAL RESERVES</b>			
Equity participation fund	20.1	13,750,000	13,750,000
Capital fund	20.2	3,023,153	3,023,153
		<u>16,773,153</u>	<u>16,773,153</u>

20.1 The Equity Participation Fund represents the face value of shares in Malam Jabba Resorts Limited and Tourism Promotion Services (Pakistan) Limited handed over to the Corporation by Government of Pakistan.

20.2 Capital Fund represents the value of assets transferred to Pakistan Tourism Development Corporation Limited by the Tourism Department of the Government of Pakistan.

**21 DEPOSIT FOR SHARES**

Deposit for shares	21.1	<u>681,678,972</u>	<u>662,118,604</u>
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21.1 Deposit for shares represents the grants received from Government of Pakistan for capital expenditure on specified capital projects. The grants so received shall be applied for the issuance of shares to the Government.

	Note	2020 Rupees	2019 Rupees
<b>22 DEFERRED INCOME-GOVERNMENT GRANTS</b>			
Opening balance		-	711,458
Less: Amortization to income	22.1	-	(711,458)
Balance at end of the year		<u>-</u>	<u>-</u>

22.1 This amortization relates to the grant received in 2015 from Government of Pakistan utilized for purchase of vehicles for head office with the approval of ministry and the board of directors.

	Note	2020 Rupees	2019 Rupees
<b>23 DEFERRED LIABILITIES</b>			
Provision for gratuity	23.1	<u>137,071,606</u>	<u>163,545,323</u>

**23.1 Movement in Present value of defined benefit obligation:**

Present value of defined benefit obligation as on July 01,		163,545,323	176,441,325
Charged to statement of profit or loss		-	-
Benefits paid during the year		(26,473,717)	(12,896,002)
Recognised in other comprehensive income		-	-
Present value of defined benefit obligation as on June 30,		<u>137,071,606</u>	<u>163,545,323</u>

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	Note	2020 Rupees	2019 Rupees
<b>24 TRADE AND OTHER PAYABLES</b>			
Sundry creditors		27,018,969	13,186,565
Accrued liabilities		68,945,638	84,188,857
Advances from customers		-	183,457
Security deposits		10,311,201	12,202,193
Advance for sale of land		2,601,000	2,601,000
Income tax withheld		8,836,613	2,978,014
Sales tax payable		2,178,696	6,388,589
Provident fund payable		5,085,320	19,139,329
Payable to Ministry of Tourism		-	2,574,424
Provision for uniform expense		-	51,224
Other payables		3,269,856	169,856
		<u>128,247,293</u>	<u>143,663,508</u>
<b>25 PAYABLE TO SUBSIDIARY COMPANY</b>			
Pakistan Tours (Private) Limited		10,140,083	10,101,690
Associated Hotels of Pakistan Limited		<u>22,149,276</u>	<u>21,962,276</u>
		<u>32,289,359</u>	<u>32,063,966</u>
<b>26 BANK OVERDRAFTS</b>			
Temporary overdraft		-	<u>33,266,111</u>
<b>27 CONTINGENCIES AND COMMITMENTS</b>			
<b>27.1 CONTINGENCIES</b>			

- a) The Corporation is contingently liable for a claim of Rs.2.1 million (2019: Rs. 2.1 million) not acknowledged by the Corporation in respect of consultancy charges.
- b) Cantonment Board Rawalpindi has claimed vide bill No. 116781 dated August 13, 2015 amounting to Rs.19.012 million in respect of an assessment of property tax assessed by Cantonment Board Rawalpindi. The Corporation in this regard has filed an appeal before Director, Military Lands and Cantt, Rawalpindi.
- c) Two cases were filed against PTDC head office vide case number 1/4 on March 03, 1998 and case number 2/4 on February 26, 1998 by Mr. Mian Gul Aurangzeb and Mr. Muhammad Afzal Khan (late) respectively, local residents of Saidu Sharif, Swat in honorable Civil Court Saidu Sharif, Swat under section 18 of Land Acquisition Act for short payment made for land acquired for PTDC Motel, Saidu Sharif, Swat.

The Honorable Civil Court Saidu Sharif, Swat has decided the cases on July 07, 2008 in favour of the applicants and has directed PTDC to pay the differential amount of Rs. 20,140,292 to applicant Mr. Mian Gul Aurangzeb and amount of Rs. 7,552,614 to the applicant Mr. Muhammad Afzal (late) both inclusive of compound interest at 8% per annum. PTDC filed appeal in the High Court, Peshawar (which was transferred to High Court branch, Saidu Sharif, Swat). The Honorable High Court retained the decision of Civil Court. Further, PTDC's appeal was rejected in the Honorable Supreme Court in the first hearing. The legal counsel of PTDC is of the view that interest should be charged at 6% instead of 8% and should be from the date of possession not from the date of filing of case i-e March 03, 1998 and February 26, 1998 and for this purpose PTDC has filed application with Civil Court, Saidu Sharif, Swat which is in process.

In said amount determined by courts the cost of land is Rs. 4,511,365 which has been recognized in the year 2015 as possession of land is received during the year ended June 30, 2015. The remaining amount is interest which is still under litigation and has not been recognized in the financial statements. The management is hopeful that the case will be decided in its favor.



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**27.2 COMMITMENTS**

The Corporation has no commitments as at June 30, 2020 (2019: Nil).

	Note	2020 Rupees	2019 Rupees
<b>28 SALES - NET</b>			
Rooms - rental income		35,455,001	39,229,426
Less: Commission and discount		<u>(28,315)</u>	<u>(17,200)</u>
		35,426,686	39,212,226
Sale of food and beverages		14,338,911	108,245,466
Telephone calls income		912	1,662
		<u>49,766,509</u>	<u>147,459,354</u>
<b>29 COST OF SALES</b>			
Food and beverages		5,416,946	70,730,116
Salaries, wages and other benefits	29.1	43,184,652	61,536,377
Heat, light and power		7,259,418	8,104,825
Repair and maintenance		1,027,591	4,014,226
Linen and room supplies		2,143,465	1,636,377
Laundry and dry-cleaning		448,748	544,183
Rent, rates and taxes		946,440	946,453
Depreciation	5.1	1,190,880	497,052
Lease money		327,000	327,000
License fee		225,000	225,000
Telephone expenses		-	49,339
		<u>62,170,140</u>	<u>148,610,948</u>

29.1 Salaries, wages and other benefits include Rs. 15.217 million (2019 : Rs. 4.145 million) in respect of staff retirement benefits.

	Note	2020 Rupees	2019 Rupees
<b>30 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	30.1	33,508,414	35,099,039
Legal and professional charges		461,996	593,950
Vehicle running		537,823	831,270
Repair and maintenance		73,580	301,260
Printing and stationery		187,433	380,530
Travelling and conveyance		19,014	12,200
Postage, telephone and telegrams		183,499	182,477
Entertainment		-	407,349
Audit fee		-	129,143
Provision for bad debts		1,048,295	60,000
Miscellaneous		<u>1,143,477</u>	<u>761,820</u>
		<u>37,163,531</u>	<u>38,759,038</u>

30.1 Salaries, wages and other benefits include Rs. 5.977 million (2019: Rs. 1.528 million) in respect of staff retirement benefits.

**PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Note	2020 Rupees	2019 Rupees
<b>31 OTHER INCOME</b>			
Rental income		2,061,495	19,906,368
Profit on saving accounts		337,033	2,365,377
Dividend income		2,150,000	1,370,625
Sale of priced publication		5,310	1,520
Grant for flashman's hotel		46,793,200	-
Miscellaneous		6,365,850	903,413
		<u>57,712,888</u>	<u>24,547,303</u>

**32 HEAD OFFICE EXPENSES**

Government grants amortized during the year 32.1 15,939,632 711,458

**Expenditure incurred**

Salaries, wages and other benefits		578,323	-
Depreciation - operating fixed assets	5.1	1,554,105	1,716,931
Depreciation - tourism promotion and development projects	6	4,996,460	11,177,432
Brand Pakistan		13,569,360	-
Advertisement		226,249	-
Printing and stationery		1,362,000	-
Stationery		47,700	-
Civil Work Payment		61,000	-
Miscellaneous		95,000	-
		<u>22,490,197</u>	<u>12,894,363</u>
Overspent grants		<u>(6,550,565)</u>	<u>(12,182,905)</u>

**32.1** This represents an amount of grant received placed in PTDC's assignment account. On non-utilization of such funds this amount is lapsed.

	Note	2020 Rupees	2019 Rupees
<b>32.2 Remuneration to managing director and directors</b>			
<b>Managing Director</b>			
Basic pay		1,331,250	313,350
Housing ceiling		905,000	250,680
Utilities and Allowances		1,269,833	377,183
		<u>3,506,083</u>	<u>941,213</u>

**PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Note	2020 Rupees	2019 Rupees
<b>33 TOURIST INFORMATION CENTRE</b>			
Government grants received during the year	33.1	136,000,000	120,400,000
<b>Expenditure incurred</b>			
Salaries, wages and other benefits	33.2	124,586,196	125,354,036
Rent, rates and taxes		1,153,614	5,203,099
Depreciation	5.1	1,412	1,139
Vehicle running		923,119	808,615
Postage, telephone and telegrams		264,943	205,584
Printing and stationary		344,044	34,714
Heat, light and power		1,148,714	768,063
Travelling and conveyance		741,668	757,921
Newspaper and periodicals		41,788	42,346
Entertainment		80,155	-
Audit fee		175,000	140,000
Bank charges		1,455	1,642
Legal and professional charges		321,200	33,396
Hajj expenses		601,426	-
Miscellaneous		262,073	806,217
		<u>130,646,507</u>	<u>134,156,772</u>
Underspent / (Overspent) grants		<u>5,353,493</u>	<u>(13,756,772)</u>

33.1 This represents an amount of grant received placed in PTDC's assignment account. On non-utilization of such funds this amount is lapsed.

33.2 Salaries, wages and other benefits include Rs. 10.334 million (2019: Rs. 4.043 million) in respect of staff retirement benefits.

	2020 Rupees	2019 Rupees
<b>34 PUBLICITY AND PROMOTION</b>		
Government grants received during the year	105,824,220	101,935,440
<b>Expenditure incurred</b>		
Salaries, wages and other benefits	34.1	70,731,824
Depreciation	5.1	49,331
Promotional expenses		2,061,828
Vehicle running		1,690,527
Postage, telephone and telegrams		865,616
Printing and stationary		189,822
Heat, light and power		2,376,619
Repair and maintenance		313,100
Travelling and conveyance		552,702
Newspaper and periodicals		50,481
Audit fee		175,000
Bank Charges		4,427
Legal and professional charges		1,118,224
Miscellaneous		1,199,559
		<u>81,379,060</u>
Under spent grants	<u>24,445,160</u>	<u>78,046,868</u>

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**PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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34.1 This represents an amount of grant received placed in PTDC's assignment account. On non-utilization of such funds this amount is lapsed.

34.2 Salaries, wages and other benefits include Rs.11.055 million (2019: Rs. 2.191 million) in respect of staff retirement benefits.

	Note	2020 Rupees	2019 Rupees
<b>35 TAXATION</b>			
Provision for taxation			
- Current		746,961	3,822,023
<b>36 EARNING / (LOSS ) PER SHARE</b>			
Net profit for the year after taxation		28,431,815	(21,324,372)
Number of ordinary shares outstanding during the year		17,053,264	17,053,264
Deposit for shares convertible into ordinary shares		66,211,860	66,211,860
Earning per share (basic)		1.67	(1.25)
Earning per share (diluted)		0.34	(0.26)
<b>37 CASH GENERATED FROM OPERATIONS</b>			
Profit / (loss) before taxation		29,178,776	(17,502,349)
<b>Adjustments for non cash charges and other items:</b>			
Depreciation		2,795,728	2,254,910
Depreciation promotion and development projects		4,996,460	11,177,432
Deferred Income -Government grants		-	(711,457)
Provision for doubtful debts		-	-
Reversal of provision for gratuity		3,166,826	-
Working capital changes	37.1	(19,429,850)	(1,665,591)
		(8,470,836)	11,055,294
Cash used in operations		20,707,940	(6,447,055)
<b>37.1 Working capital changes</b>			
<b>Decrease in current assets</b>			
Stores		2,243,698	151,739
Stock in trade		34,750	725,012
Trade debtors - unsecured		4,746,521	(321,799)
Receivable from subsidiary companies		6,709,927	(3,139,245)
Loans and advances		6,032,789	9,812,428
Deposits and prepayments		857,100	(409,734)
Other receivables		8,627,692	(4,190,687)
		29,252,476	2,627,714
<b>Increase in current liabilities</b>			
Trade and other payables		(15,416,215)	(3,829,131)
Bank overdrafts		(33,266,111)	(464,174)
		(19,429,850)	(1,665,591)

**PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**38 STATEMENT OF OPERATING RESULTS OF THE SEGMENTS**

Particulars	2020				2019
	PTDC Head Office Rawalpindi	Head Office Hotels Rawalpindi	Flashmans' Hotel Rawalpindi	Corporation' s Total	Corporation's Total
	Rupees				
Sales	-	-	49,766,509	49,766,509	147,459,354
Cost of sales	-	-	(62,170,140)	(62,170,140)	(148,610,948)
Gross profit	-	-	(12,403,631)	(12,403,631)	(1,151,594)
Operating expenses					
Administrative	-	-	(37,163,531)	(37,163,531)	(38,759,038)
Hotels head office expenses	-	-	-	-	(10)
Selling	-	-	(30,912)	(30,912)	(52,824)
Financial charges	-	-	(2,184,126)	(2,184,126)	(35,081)
	-	-	(39,378,569)	(39,378,569)	(38,846,953)
Operating (loss) / profit	-	-	(51,782,200)	(51,782,200)	(39,998,547)
Other income	5,903,133	-	51,809,755	57,712,888	24,547,303
(Overspent) / unspent Grants					
Head Office Expenses	(6,550,565)	-	-	(6,550,565)	(12,182,905)
Tourist Information Centre	5,353,493	-	-	5,353,493	(13,756,772)
Publicity and Promotion	24,445,160	-	-	24,445,160	23,888,572
	23,248,088	-	27,555	23,248,088	(2,051,105)
Profit/(loss) before taxation	29,151,221	-	27,555	29,178,776	(17,502,349)
Taxation	(746,961)	-	-	(746,961)	(3,822,023)
Profit/(loss) after taxation	28,404,260	-	27,555	28,431,815	(21,324,372)

**PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**39 FINANCIAL ASSETS AND LIABILITIES**

The Corporation's exposure to interest rate risk on its financial assets and liabilities are summarized as follows: -

Particulars	Total	Interest/Mark up bearing			Non Interest / Mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	

Rupees

**Year Ended June 30, 2020**

**Financial assets**

Investment:	28,803,651	-	18,803,651	10,000,000	18,803,651
Long term deposits	3,933,908	-	-	-	3,933,908
Trade debtors	3,295,340	-	-	-	3,235,340
Receivable from subsidiary companies	67,133,184	-	-	-	67,133,184
Loans and advances	19,571,423	-	-	-	20,619,718
Other receivables	4,488,026	-	-	-	4,488,026
Cash and bank balances	8,185,612	5,877,308	-	5,877,308	2,308,304
	<u>135,411,144</u>	<u>5,877,308</u>	<u>18,803,651</u>	<u>15,877,308</u>	<u>120,522,131</u>

**Financial liabilities**

Provision for gratuity	137,071,606	-	-	-	137,071,606
Trade and other payables	128,247,293	-	-	-	135,934,675
Payable to subsidiary company	32,289,359	-	-	-	32,289,359
Bank overdrafts	-	-	-	-	-
	<u>297,608,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,295,640</u>

**On balance sheet gap**

	<u>(162,197,114)</u>	<u>5,877,308</u>	<u>18,803,651</u>	<u>15,877,308</u>	<u>(184,773,509)</u>
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**Off Balance sheet Items**

Contingencies :	(48,804,906)	-	-	-	(48,804,906)
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**Commitments :**

	-	-	-	-	-
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**Total Gap**

	<u>(211,002,020)</u>	<u>5,877,308</u>	<u>18,803,651</u>	<u>15,877,308</u>	<u>(233,578,415)</u>
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**Year Ended June 30, 2019**

**Financial assets**

Investment:	41,631,202	-	22,827,551	22,827,551	18,803,651
Long term deposits	3,679,796	-	-	-	3,679,796
Trade debtors	8,041,861	-	-	-	8,041,861
Receivable from subsidiary companies	73,843,111	-	-	-	73,843,111
Loans and advances	22,892,723	-	-	-	22,892,723
Other receivables	13,115,718	-	-	-	13,115,718
Cash and bank balances	6,505,779	1,993,068	-	1,993,068	4,512,711
	<u>169,710,190</u>	<u>1,993,068</u>	<u>22,827,551</u>	<u>24,820,619</u>	<u>144,889,571</u>

**Financial liabilities**

Provision for gratuity	163,545,323	-	-	-	163,545,323
Trade and other payables	143,663,508	-	-	-	143,663,508
Payable to subsidiary company	32,063,966	-	-	-	32,063,966
Bank overdrafts	33,266,111	-	-	-	33,266,111
	<u>372,538,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372,538,908</u>

**On balance sheet gap**

	<u>(202,828,718)</u>	<u>1,993,068</u>	<u>22,827,551</u>	<u>24,820,619</u>	<u>(227,649,337)</u>
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**Off Balance sheet Items**

Contingencies :	(230,067,534)	-	-	-	(230,067,534)
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**Commitments :**

	-	-	-	-	-
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**Total Gap**

	<u>(432,896,252)</u>	<u>1,993,068</u>	<u>22,827,551</u>	<u>24,820,619</u>	<u>(457,716,871)</u>
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Effective interest rates are mentioned in the respective notes to the financial statements.

**PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**40.1** The Corporation's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Corporation's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Corporation's continuing profitability. The Corporation is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Corporation finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

**40.2 Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Corporation's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

**Exposure to credit risk**

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2020 Rupees	2019 Rupees
Investments	28,803,651	41,631,202
Long term deposits	3,933,908	3,679,796
Trade debtors	3,295,340	8,041,861
Receivable from subsidiary companies	67,133,184	73,843,111
Loans and advances	19,571,423	22,892,723
Other receivables	4,488,026	13,115,718
Bank balances	8,185,612	2,484,029
	<u>135,411,144</u>	<u>165,688,440</u>

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

**Concentration of credit risk**

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Corporation believes that it is not exposed to major concentration of credit risk.

**Impaired assets**

During the year no assets have been impaired.

**PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**40.3 Liquidity risk**

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

Particulars	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
----- Rupees -----							
<b>2020</b>							
Deferred liabilities	137,071,606	137,071,606	-	-	-	137,071,606	-
Trade and other payables	128,247,293	135,934,675	67,967,338	67,967,338	-	-	-
Payable to subsidiary company	32,289,359	32,289,359	-	32,289,359	-	-	-
Bank overdrafts	-	-	-	-	-	-	-
	297,608,258	305,295,640	67,967,338	100,256,697	-	137,071,606	-
<b>2019</b>							
Deferred liabilities	163,545,323	163,545,323	-	-	-	163,545,323	-
Trade and other payables	143,663,508	143,663,508	71,831,754	71,831,754	-	-	-
Payable to subsidiary company	32,063,966	32,063,966	-	32,063,966	-	-	-
Bank overdrafts	33,266,111	33,266,111	33,266,111	-	-	-	-
	372,538,908	372,538,908	105,097,865	103,895,720	-	163,545,323	-

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**PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**40.4 Market risk**

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Corporation's income or the value of its holdings of financial instruments.

**(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 arise in financial instruments that are denominated in foreign currencies i.e. in a currency other then the functional currency in which they are

Presently the Corporation is not exposed to foreign currency risk.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short borrowings.

Interest rate of the Corporation's financial assets and financial liabilities as at June 30, 2018 can be evaluated from the schedule given in note 39 to these financial statements.

**(iii) Other price risk**

Price risk is 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 instruments traded in the market.

At the year end the Corporation is not exposed to price risk in respect of investments in associates whose fair value or future cash flows will fluctuate because of changes in market prices.

**41 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arm's length transactions.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IAS 39. The carrying amount of trade receivables and payables is assumed to approximate their fair values.

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value by valuation method. The different values have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: input other than quoted prices included with in Level 1 that are observable for assets and liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change has occurred.

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**PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**42 TRANSACTIONS WITH RELATED PARTIES**

Related parties includes associated undertakings, other related companies and key management personnel. The Corporation in normal course of business carries out transactions with various related parties. Transactions with related parties undertaken during the year were as follows;

	2020 Rupees	2019 Rupees
<b>Subsidiary Companies</b>		
<b>PTDC Motels North (Private) Limited</b>		
Fund transferred	-	3,000,000
Services received	(1,844,128)	(101,283)
Services provided	1,934,201	240,528
Advances Recovered Transferred	(5,000,000)	-
Payments to retired / deceased employees of PTDC motels	64,456,580	12,013,560
Grant transferred	(64,456,580)	(12,013,560)
<b>Pakistan Tours (Private) Limited</b>		
Services provided	47,667	74,342
Service received	-	(4,389,959)
Payments to retired / deceased employees of PTL	-	(411,858)

**43 NUMBER OF EMPLOYEES**

The number of employees as at year end was 174 (2019: 174) and average number of employees during the year was 170 (2019: 170).


**44 DATE OF AUTHORIZATION**

These financial statements have been authorized for issue by the Board of Directors of the Corporation on 15 DEC 2021

**45 GENERAL**

Figures have been rounded off to the nearest rupee.

  
**MANAGING DIRECTOR**

  
**DIRECTOR**