

HOTEL INTERCONTINENTAL

AUDITED
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2017

RAFAQAT BABAR & CO,
Chartered accountants



Member firm of
The Leading Edge Alliance



RAFAQT BABAR & CO

Chartered Accountants

Kabul

Peshawar

Islamabad



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INDEPENDENT AUDITORS' REPORT

Qualified Opinion

We have audited the financial statements of "Hotel Intercontinental" which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (together "the financial statements").

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the accompanying financial statements gives a true and fair view of the financial position of "Hotel Intercontinental" as at December 31, 2017 and of its financial performance, and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

1. The opening balances of property, plant and equipment amounting to AFN 322,411,808/- as on March 21, 2009 could not be verified because these were valued by management on January 06, 2008 using their judgment of open market prices. An independent valuation has not been carried out in this respect. Also, the financial statements of the entity before 2008 were not audited. Consequently, we were unable to verify the completeness, existence and valuation of the aforementioned opening balances of property, plant and equipment. Due to the lack of an independent valuation process and non-availability of audited financial statements for the years before 2008 we are unable to quantify its financial impact on the financial statements of the entity.

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Afghanistan and have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Managements and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRSs) 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 statement, management is responsible for assessing the "Hotel Intercontinental" ability to continue as a going concern, disclosing, as applicable, matters relating



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to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization (hotel) or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the "Hotel Intercontinental" financial reporting process.

Auditors' Responsibility for the audit of the financial statement

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 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.

KABUL
July 11, 2018


Rafiqat Babar & Co.
Chartered Accountants
Engagement Partner: Shuja-ul-Mulk, FCA



HOTEL INTERCONTINENTAL
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

| | Note | 2017 AFN | 2016 AFN |
|--|------|--------------------|--------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 549,130,961 | 535,009,945 |
| Capital work in progress | 5 | 6,812,264 | 6,812,264 |
| | | 555,943,225 | 541,822,209 |
| Current assets | | | |
| Stock in trade | 6 | 3,884,249 | 1,858,419 |
| Stores and spares | 7 | 1,188,803 | 3,273,711 |
| Trade receivables | 8 | 48,342,510 | 30,940,685 |
| Due from related parties | 9 | 17,261,898 | 14,565,376 |
| Advances and prepayments | 10 | - | 545,150 |
| Cash and bank balances | 11 | 49,189,182 | 69,622,612 |
| | | 119,866,642 | 120,805,953 |
| Total assets | | 675,809,867 | 662,628,162 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade payables | 12 | 5,550,881 | 4,194,982 |
| Accrued expenses and other liabilities | 13 | 117,715,685 | 116,365,321 |
| Provision for taxation | 14 | 23,466,747 | 22,016,698 |
| Bank Overdraft facility | 15 | 11,069 | 40,497,700 |
| Total liabilities | | 146,744,381 | 183,074,701 |
| Net assets | | 529,065,486 | 479,553,461 |
| REPRESENTED BY EQUITY: | | | |
| Share capital | 16 | 1,000,000 | 1,000,000 |
| General reserve | | 331,107,674 | 331,107,673 |
| Share deposit money | 17 | 50,000,000 | 50,000,000 |
| Retained earnings | | 146,957,812 | 97,445,788 |
| | | 529,065,486 | 479,553,461 |

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 26 form an integral part of these financial statements.

Kabul

General Manager

Finance Controller



**HOTEL INTERCONTINENTAL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | Note | 2017 AFN | 2016 AFN |
|---|------|--------------------|-------------------|
| Sales and services-net | 19 | 285,041,256 | 216,095,942 |
| Cost of sales and services | 20 | (155,170,374) | (128,064,657) |
| GROSS PROFIT | | 129,870,883 | 88,031,285 |
| Administrative expenses | 21 | (69,871,648) | (54,766,206) |
| OPERATING PROFIT/(LOSS) | | 59,999,235 | 33,265,079 |
| Other comprehensive income for the year | 22 | 2,962,473 | 19,343,553 |
| OPERATING PROFIT/(LOSS) | | 62,961,708 | 52,608,632 |
| Taxation | 23 | (13,449,683) | (1,768,377) |
| NET COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR | | 49,512,024 | 50,840,256 |

The annexed notes from 1 to 26 form an integral part of these financial statements.

RBW

Kabul

General Manager



Finance Controller



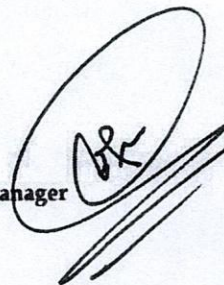

HOTEL INTERCONTINENTAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

| Note | 2017 AFN | 2016 AFN |
|---|---------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before tax | 62,961,708 | 52,608,632 |
| <u>Adjustment for non cash and other items:</u> | | |
| Depreciation | 14,539,314 | 13,095,856 |
| Interest expense | 2,151,264 | 3,593,217 |
| Operating profit before working capital changes | 79,652,286 | 69,297,705 |
| <u>Changes in working capital :</u> | | |
| <u>(Increase)/Decrease in current assets</u> | | |
| Stock in trade | (2,025,830) | (610,417) |
| Stores and spares | 2,084,908 | (909,839) |
| Trade receivable | (17,401,825) | (6,890,898) |
| Due from related parties | (2,696,522) | 43,750 |
| Advances and prepayments | 545,150 | (223,850) |
| <u>Increase/(Decrease) in current liabilities</u> | | |
| Trade payables | 1,355,899 | (611,759) |
| Accrued expenses and other liabilities | 1,350,364 | (55,387) |
| | (16,787,857) | (9,258,400) |
| Interest paid | (2,151,264) | (3,593,217) |
| Tax paid | (11,999,634) | - |
| Net cash generated from (used in) operations | 48,713,531 | 56,446,089 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of items of property, plant and equipment | (28,660,330) | (4,888,701) |
| Disposal of Assets | - | - |
| Capital work in progress | - | (678,865) |
| Net cash used in investing activities | (28,660,330) | (5,567,566) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net increase/(decrease) in cash and cash equivalents during the year | 20,053,201 | 50,878,523 |
| Cash and cash equivalents at the beginning of the year | 29,124,912 | (21,753,611) |
| Cash and cash equivalents at the end of the year | 49,178,114 | 29,124,912 |

The annexed notes from 1 to 26 form an integral part of these financial statements.

Kabul

General Manager



Finance Controller



**HOTEL INTERCONTINENTAL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | Share capital | General Reserve | Share Deposit Money AFN | Retained Earnings | Total |
|----------------------------------|---------------|-----------------|----------------------------|-------------------|-------------|
| Balance as at December 31, 2015 | 1,000,000 | 331,107,673 | 50,000,000 | 46,605,532 | 428,713,205 |
| Total loss for the year | - | - | - | 50,840,256 | 50,840,256 |
| Balance as at December 31, 2016 | 1,000,000 | 331,107,673 | 50,000,000 | 97,445,788 | 479,553,461 |
| Total Profit/(loss) for the year | - | - | - | 49,512,024 | 49,512,024 |
| Balance as at December 31, 2017 | 1,000,000 | 331,107,673 | 50,000,000 | 146,957,812 | 529,065,485 |

The annexed notes from 1 to 26 form an integral part of these financial statements.

Kabul


General Manager


Finance Controller



**HOTEL INTERCONTINENTAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

1 THE ENTITY AND ITS OPERATIONS

Hotel Intercontinental is a corporation established in April 08, 1967. The hotel is mainly owned by the Government of Afghanistan through Ministry of Finance and some other government institutions and corporations. Its registered office is located at Baghe Bala road, Kabul. It is principally engaged in the provision of hotel services.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Interpretations issued by International Financial Reporting Interpretations Committee (IFRIC).

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at their fair values as disclosed in their respective notes.

2.3 Functional and presentation currency

These financial statements are presented in Afghani, which is the Entity's functional currency. All information in Afghani has been rounded to the nearest Afghani.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the reporting date of financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The management continually evaluates these estimates based on the information currently available. Changes in facts and circumstances may result in revised estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of revision and future periods.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Foreign currency transactions and balances

Transactions in foreign currencies other than Afghani (USD, Euro and PKRs) are recorded in Afghani using a daily exchange rate in accordance with Da Afghanistan Bank. Monetary assets and liabilities denominated in USD are retranslated to Afghani at the aforementioned rate.

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**HOTEL INTERCONTINENTAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

3.2 Property, plant and equipment

Property, plant and equipment including all additions are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation is calculated so as to write-off the assets over their expected economic lives under the reducing balance method at rates given in note 4 to the financial statements. Repair and maintenance costs are expensed as incurred.

Depreciation is charged from the time that the asset becomes available for use or is in the location and condition to be capable of operating in the manner as intended by management till the time that the asset is derecognized or classified as held for sale whichever is earlier.

The hotel recognizes the sales proceeds and related gain or loss on disposal on completion of the sales process. In determining whether revenue and gain or loss should be recorded, the hotel considers whether it:

- has a continuing managerial involvement to the degree associated with asset ownership;
- has transferred the significant risks and rewards associated with asset ownership; and
- can reliably measure and will actually receive the proceeds.

3.3 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows associated with that asset.

Non-financial assets

The carrying amount of the entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is higher of fair value less cost to sell and value in use. In the absence of any information about the fair value of a cash generating unit, the recoverable amount is deemed to be the value in use. Impairment loss is recognized as expense in the statement of comprehensive income.

Where conditions giving rise to the impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the statement of comprehensive income. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.4 Stores and spares parts


These are valued at lower of cost or net realizable value using moving average method.

3.5 Stock in trade

These are stated at the lower of cost and net realizable value using First-In-First-Out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

These are stated at the lower of cost and net realizable value using First-In-First-Out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

RBW
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**HOTEL INTERCONTINENTAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

3.6 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost respectively. The Company derecognizes the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

3.7 Trade receivables

Trade receivables are recorded at their original amount less an allowance for any doubtful amounts. An allowance is made when collection of the full amount is no longer considered probable.

3.8 Advances and prepayments

Advances and prepayments are carried in the statement of financial position at cost, which is the fair value of the consideration to be settled in the future for goods and services to be received.

3.9 Trade payables, accrued expenses and other liabilities

Liabilities for trade payables, accrued expenses and other liabilities are carried at cost which is the fair value of the consideration to be paid in the future for goods and services whether or not billed to the Entity.

3.10 Off-setting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if required by an IFRS.

3.11 Cash and cash equivalents

Cash and cash equivalents are measured at cost. For the purpose of "statement of cash flows", cash and cash equivalents comprise cash in hand, cash at bank and bank overdraft.

3.12 Provisions

Provisions are recognized when the Entity has a present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

3.13 Taxation

Income tax expense comprises current tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any

Receipts from rooms rent, sales of food and beverages, and from provision of other services such as banquet services, are also subject to Business Receipts Tax (BRT) as per Afghanistan Income Tax Law.

3.14 Revenue recognition

Revenue from rooms, food and beverages, and other related services is recognized on the performance of services. Rental income from banquet hall and shops is recognized on accrual basis.


3.15 Transactions with related parties

The hotel enters into transactions with related parties for sale and provision of goods and services respectively. Prices for these transactions are determined by reference to the market fair value for such goods and services.

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**HOTEL INTERCONTINENTAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

3.16 Application of a standard(s), amendment(s) or interpretation(s)

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning as mentioned there against are either not relevant to the entity's current operations or are not expected to have significant impact on the entity's financial statements other than certain additional disclosures:

| Standards / amendments / interpretations | Effective for annual periods beginning on or after |
|--|---|
| <i>Amendment to IAS 1 - Presentation of Financial Statements - Clarification of Requirements for comparative information</i> | January 01, 2013 |
| <i>Amendment to IAS 16 - Property, Plant and Equipment - Classification of servicing Equipment</i> | January 01, 2013 |
| <i>Amendment to IAS 19 - Employee Benefits</i> | July 1, 2014 |
| <i>Amendment to IAS 32 - Financial Instruments: Presentation - Offsetting financial assets and financial liabilities</i> | January 1, 2014 |
| <i>Amendments to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets</i> | January 1, 2014 |
| <i>The amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting</i> | January 1, 2014 |
| <i>Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities</i> | January 1, 2014 |
| <i>IFRS 15 - Revenue from Contract with Customers - issued by the IASB on 28 May 2014.</i> | January 1, 2017 |
| <i>Other than the aforesaid standards, interpretation and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally.</i> | |

Standards or interpretations

IFRS 1 - First Time Adoption of International Financial Reporting Standards
 IFRS 9 - Financial Instruments
 IFRS 10 - Consolidated Financial Statements
 IFRS 11 - Joint Agreements
 IFRS 12 - Disclosure of Interests in Other Entities
 IFRS 13 - Fair Value Measurement
 IAS 27 (Revised 2011) - Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
 IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures due to non-adoption of IFRS 10 and IFRS 11

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HOTEL INTERCONTINENTAL
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2017

4 PROPERTY, PLANT AND EQUIPMENT

| Particulars | C O S T | | | | Rat e (%) | D E P R E C I A T I O N | | | W.D.V December 31, 2017 |
|---------------------------------|---------------------------|-------------------|-----------|----------------------|-----------------|-------------------------|-------------------|--------------------------------------|-------------------------------|
| | January 01, 2017 | Additions | Deletions | December 31, 2017 | | January 01, 2017 | Adjustment | For the year December 31, 2017 | |
| | "All amounts in Afghanis" | | | | | | | | |
| Land | 298,160,000 | - | - | 298,160,000 | - | - | - | 298,160,000 | |
| Building | 18,316,811 | 2,030,067 | - | 20,346,878 | 5 | - | 819,235 | 15,565,473 | |
| Furniture fixtures and fittings | 212,451,309 | 9,738,576 | - | 222,189,885 | 5 | - | 8,067,542 | 153,283,288 | |
| Vehicles | 9,560,100 | - | - | 9,560,100 | 10 | - | 64,626 | 8,978,464 | |
| Office equipment | 2,427,975 | - | - | 2,427,975 | 10 | - | 132,966 | 1,196,697 | |
| Electrical equipment | 19,568,247 | 9,726,656 | - | 29,294,903 | 10 | - | 1,583,725 | 14,253,526 | |
| Computers and accessories | 2,553,431 | 975,356 | - | 3,528,787 | 33 | - | 439,774 | 892,873 | |
| Heating and cooling system | 67,470,000 | 321,500 | - | 67,791,500 | 5 | - | 2,449,453 | 46,539,597 | |
| Others | 19,102,115 | 5,868,175 | - | 24,970,290 | 5 | - | 981,993 | 18,657,871 | |
| December 31, 2017 | 649,609,988 | 28,660,330 | - | 678,270,318 | | 114,600,043 | 14,539,314 | 549,130,961 | |
| December 31, 2016 | 644,721,287 | 4,888,701 | - | 649,609,988 | | 101,504,167 | 13,095,856 | 535,009,945 | |

4.1 Allocation of Depreciation

| DESCRIPTION | December 31, 2017 | | | December 31, 2016 | | |
|---------------------------------|-------------------|-------------------------|--------------------|-------------------|-------------------------|--------------------|
| | Cost of sales | Administrative expenses | Total Depreciation | Cost of sales | Administrative expenses | Total Depreciation |
| | 96% | 4% | AFN | 96% | 4% | AFN |
| Building | 786,466 | 32,769 | 819,235 | 725,287 | 30,220 | 755,507 |
| Furniture fixtures and fittings | 7,744,840 | 322,702 | 8,067,542 | 7,660,408 | 319,184 | 7,979,592 |
| Vehicles | 62,041 | 2,585 | 64,626 | 68,935 | 2,872 | 71,807 |
| Office equipment | 127,647 | 5,319 | 132,966 | 141,830 | 5,910 | 147,740 |
| Electrical equipment | 1,520,376 | 63,349 | 1,583,725 | 651,797 | 27,138 | 678,935 |
| Computers and accessories | 422,183 | 17,591 | 439,774 | 168,940 | 7,039 | 175,979 |
| Heating and cooling system | 2,351,475 | 97,978 | 2,449,453 | 2,456,992 | 102,458 | 2,561,450 |
| Others | 942,713 | 39,280 | 981,993 | 695,833 | 28,993 | 724,826 |
| Total | 13,957,741 | 581,573 | 14,539,314 | 12,572,022 | 523,834 | 13,095,856 |



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HOTEL INTERCONTINENTAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Note | 2017 AFN | 2016 AFN |
|--|------|-------------------|-------------------|
| 5 CAPITAL WORK IN PROGRESS | | | |
| Opening Balance | | 6,812,264 | 6,133,400 |
| Additions during the year: | | | |
| Construction of boundry wall | | - | 678,864 |
| | | 6,812,264 | 6,812,264 |
| 6 STOCK IN TRADE | | | |
| Food & beverages | | 3,646,889 | 1,268,255 |
| Guest supply stock | | 237,360 | 590,164 |
| | | 3,884,249 | 1,858,419 |
| 7 STORES AND SPARES | | | |
| Kitchen fuel | | 2,062 | 405,379 |
| Fuel (diesel and Petrol) | | 361,376 | 460,827 |
| Cleaning supplies | | 129,100 | 1,005,208 |
| Maintenance supplies (Engineering Store) | | 628,550 | 1,402,297 |
| Stationery | | 67,715 | - |
| | | 1,188,803 | 3,273,711 |
| 8 TRADE RECEIVABLES | | | |
| Accrued room occupation charges | | - | - |
| Trade debtors less provision | 8.1 | 47,684,268 | 35,873,061 |
| Due from Ministries | 8.2 | 17,920,140 | 9,633,000 |
| Due from related parties | | (17,261,898) | (14,565,376) |
| | | 48,342,510 | 30,940,685 |
| 8.1 Trade debtors less provision | | | |
| Trade debtors | | 47,684,268 | 35,873,061 |
| Less: Provision for doubtful debts | | - | - |
| | | 47,684,268 | 35,873,061 |
| 8.2 Due from Ministries | | | |
| Ministry of Education | | 261,950 | 420,100 |
| Ministry of Higher Education | | 5,171,450 | - |
| Ministry of Mines | | 476,650 | 476,650 |
| Ministry of Communication & IT | | 737,700 | 577,700 |
| Ministry of Refuges | | 184,100 | 100,850 |
| Ministry of Power | | - | - |
| Ministry of labor Social Affairs | | 27,200 | 8,650 |
| Ministry of Foreign affairs | | 2,451,290 | 2,421,400 |
| Ministry of Interior affairs | | 1,355,800 | 1,355,800 |
| Ministry of information & Culture | | 2,752,650 | 2,637,150 |
| Ministry of Commerce & Industries | | 314,200 | - |
| Presidential office | | - | 1,573,000 |
| CEO Office | | 3,612,200 | - |
| Ministry of Agriculture | | 72,050 | - |
| Ministry of Transport | | 262,500 | - |
| Ministry of Urbun | | 191,500 | - |
| Ministry of Narcotics | | 48,900 | 61,700 |
| | | 17,920,140 | 9,633,000 |


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HOTEL INTERCONTINENTAL
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HOTEL INTERCONTINENTAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Note | 2017 AFN | 2016 AFN |
|--|------|--------------------|--------------------|
| 9 Due From Related Parties | | | |
| Ariana Afghan Airlines | | 13,942,298 | 13,574,850 |
| Ministry of Finance | | 3,319,600 | 990,526 |
| | | 17,261,898 | 14,565,376 |
| 10 ADVANCES AND PREPAYMENTS | | | |
| Advances | | | |
| Salary advance | | - | 545,150 |
| | | - | 545,150 |
| 11 CASH AND BANK BALANCES | | | |
| Cash in hand | | 539,091 | 16,626,180 |
| Cash at bank | 11.1 | 48,650,091 | 52,996,432 |
| | | 49,189,182 | 69,622,612 |
| 11.1 Cash at bank | | | |
| Pashtany bank USD A/C #: 1001365000123 | | 39,758,362 | 43,701,015 |
| Pashtany bank AFN A/C #: 1001360000400 | | 8,800,933 | 9,295,417 |
| Maiwand Bank- AFN A/C#: 1001202361855 | | 90,796 | - |
| | | 48,650,091 | 52,996,432 |
| 12 TRADE PAYABLES | | | |
| Payable to suppliers | | 280,881 | 694,982 |
| Advance received from suppliers | | 5,270,000 | 3,500,000 |
| | | 5,550,881 | 4,194,982 |
| 13 ACCRUED EXPENSES AND OTHER LIABILITIES | | | |
| Accrued salaries | | - | - |
| Electricity & water bills | | - | 1,911,671 |
| Business receipt tax | 13.1 | 87,408,783 | 83,577,159 |
| Withholding tax payable | | 26,125,446 | 27,701,327 |
| Tip payable | | 10,800 | 10,800 |
| Municipality tax | | 3,992,453 | 1,100,914 |
| TDS Payable | | 178,203 | 1,689,810 |
| Payable to Maihan Construction Co. | | - | 373,640 |
| | | 117,715,685 | 116,365,321 |
| 13.1 Business receipt tax (BRT) payable | | | |
| Opening balance | | 83,577,159 | 74,956,859 |
| BRT accrued on revenue during the year | | 31,671,251 | 24,010,660 |
| Tax withheld by customers | | (3,194,728) | (2,390,360) |
| BRT paid during the year | | (24,644,899) | (13,000,000) |
| | | 87,408,783 | 83,577,159 |
| 14 PROVISION FOR TAXATION | | | |
| Opening balance of provision for income tax | | 22,016,698 | 20,248,321 |
| Provision for the year | | 13,449,683 | 1,768,377 |
| Payment during the year | | (11,999,634) | - |
| | | 23,466,747 | 22,016,698 |

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HOTEL INTERCONTINENTAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Note | 2017 AFN | 2016 AFN |
|---|--------------------|-------------------------|-------------------------|
| 15 BANK OVERDRAFT | | | |
| This represents overdraft facility obtained from Bank Milli Afghan with a limit of USD 2,000,000/- and carrying interest rate of 5% payable in arrears on monthly basis. The overdraft facility is especially aimed at meeting the working capital requirements of the hotel. | | | |
| 16 SHARE CAPITAL | | | |
| Shareholders | | | |
| | % age Share | Number of Shaers | Number of Shaers |
| Ministry of Finance | 65.50 | 655,000 | 655,000 |
| Ministry of Transportation | 12.29 | 122,900 | 122,900 |
| Ariana Afghan Airlines | 12.13 | 121,300 | 121,300 |
| Pashtany Bank | 6.44 | 64,400 | 64,400 |
| Afghan National Insurance Corporation | 2.20 | 22,000 | 22,000 |
| Speenzer Kunduz Limited | 1.44 | 14,400 | 14,400 |
| | 100 | 1,000,000 | 1,000,000 |
| 17 SHARE DEPOSIT MONEY | | | |
| Share deposit Money | | 50,000,000 | 50,000,000 |
| | | 50,000,000 | 50,000,000 |
| This represent an amount of USD 1,000,000/- (equivalent to AFN 50,000,000/-) received from the Ministry of Finance, Government of Afghanistan. This amount is intended for a proportionate increase in the share of the Ministry of Finance. However in the absence of a resolution of the board of directors in this regard, this amount has been recognized as a share deposit money. | | | |
| 18 CONTINGENCIES AND COMMITMENTS | | | |
| There were no contingencies and commitments outstanding at the year end. (December 2016: none). | | | |
| 19 SALES AND SERVICES-NET | | | |
| Rooms reservation income | | 98,636,243 | 67,976,270 |
| Food and beverages | | 162,826,569 | 162,670,798 |
| Other related services | | 5,163,250 | 441,797 |
| Banquet hall and shops rent | | 50,086,445 | 9,200,500 |
| Discounts and commissions | | - | (182,763) |
| Business Receipts Tax | | (31,671,251) | (24,010,660) |
| | | 285,041,256 | 216,095,942 |
| 20 COST OF SALES AND SERVICES | | | |
| Direct Expenses | | | |
| Food and beverages | | 71,099,543 | 66,614,404 |
| Salaries, wages and benefits | | 16,155,659 | 13,613,881 |
| Communication and other related services | | 1,327,977 | 1,639,045 |
| Heat, light and power | | 33,200,742 | 27,975,555 |
| Room related supplies | | 8,891,068 | 3,357,762 |
| Repair and maintenance | | 9,375,139 | 1,421,313 |
| Depreciation | 4.1 | 13,957,741 | 12,572,022 |
| Uniforms | | 259,260 | 134,175 |
| Laundry and cleaning | | 31,715 | 166,900 |
| Miscellaneous | | 871,530 | 569,600 |
| | | 155,170,374 | 128,064,657 |

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HOTEL INTERCONTINENTAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Note | 2017 AFN | 2016 AFN |
|--|------|-------------------|-------------------|
| 21 ADMINISTRATIVE EXPENSES | | | |
| Salaries, wages and benefits | | 53,443,960 | 40,841,643 |
| Vehicle running and maintenance | | 20,530 | - |
| Bank and interest charges | | 2,368,179 | 3,728,095 |
| Investigation and Supervision expenses | | 917,900 | 129,200 |
| Rent, rates and taxes | | 2,931,489 | - |
| Repair and maintenance | | 4,671,033 | 6,104,778 |
| Transportation and conveyance | | 504,568 | 376,279 |
| Printing & stationery | | 462,858 | 466,479 |
| Security & liaison | | 341,360 | 108,880 |
| Depreciation | 4.1 | 581,573 | 523,834 |
| Provision for obsolescence | | - | - |
| Legal and professional fee | | 588,325 | - |
| Communication and other related services | | 1,214,972 | - |
| Miscellaneous | | 1,824,900 | 2,487,018 |
| | | 69,871,648 | 54,766,206 |
| 22 OTHER INCOME | | | |
| Antenna Charges | | - | 620,000 |
| Fixed Assets Sales | | - | 474,000 |
| Currency translation Gain/(Loss) | | (4,286,709) | 14,882,173 |
| Message Centre Rent | | - | 1,579,080 |
| Shop Rent | | 7,249,182 | 1,788,300 |
| | | 2,962,473 | 19,343,553 |
| 23 TAXATION | | | |
| Operating profit for the year before tax | | 62,961,708 | 52,608,632 |
| Cost of fixed assets sales. | | - | - |
| Currency translation Gain/(Loss) | | 4,286,709 | (14,882,173) |
| Adjustment of brought forward losses | | - | (28,884,576) |
| Taxable profit/(loss) for the year | | 67,248,417 | 8,841,883 |
| Income tax rate for the year | | 20% | 20% |
| Tax for Current year | | 13,449,683 | 1,768,377 |
| 24 CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 49,189,182 | 69,622,612 |
| Bank overdraft | | (11,069) | (40,497,700) |
| | | 49,178,114 | 29,124,912 |

25 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in their meeting held on 11/7/18.

26 GENERAL

Figures have been rounded off the nearest Afghani.

Kabul

General Manager

Finance Controller