

বাংলাদেশের  
সুবর্ণজয়ন্তী  
Bangladesh



# Annual Report 2021



**Bangladesh Services Limited**  
(Owner of InterContinental Dhaka)



47th Annual General Meeting of Bangladesh Services Limited

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## OUR VISION



**Be a leader of upscale hospitality industry in Bangladesh.**

## OUR MISSION



**Ensure the highest level of customer satisfaction by maintaining world-class facilities and services blended with culture and tradition of Bangladesh.**



# ABOUT US

Bangladesh Services Limited (BSL) is a Public Limited Company which came into operation in the year 1973. The Government of the People's Republic of Bangladesh owns 99.6% of its capital. The Board of Directors of the company consists of nine members. The Secretary of the Ministry of Civil Aviation & Tourism is the Chairman of the Board. The Company has been engaged in the hospitality business since its inception and has pioneered international standard five star hotel business in Bangladesh more than 45 years back.

BSL had been doing hotel business in the name of Ruposhi Bangla Hotel since May, 2011 until it was closed for renovation in September 2014. However, the operation of VIP lounge in Hazrat Shahjalal International Airport, Dhaka, which is being used by the leading airlines as their business and first class passenger lounge, has not been closed and is being run by BSL.

Prior to Ruposhi Bangla Hotel, BSL did the hotel business as Hotel Inter-Continental Dhaka from 1973 to 1983 under an agreement with Inter-Continental Hotels Corporation and as Dhaka Sheraton Hotel from 1984 to April, 2011 under an agreement with Starwood Asia Pacific Hotels and Resorts Pte Ltd. (former Sheraton Overseas Management Corporation).



*Entry-Port Cochere*

On 19th February 2012, BSL has signed a Management Agreement

with InterContinental Hotels Group (Asia Pacific) Pte Ltd.(IHG) for a 30-year term for management of its hotel with the option to renew the agreement for 2 terms of 5 years each. BSL undertook an extensive renovation of its hotel to meet the brand standard of InterContinental for rebranding it as InterContinental Dhaka. After renovation, the hotel has been rebranded and inaugurated by the Hon'ble Prime Minister of the Govt. of the People's Republic of Bangladesh on 13 September 2018 in the name of InterContinental Dhaka. The hotel has started its commercial operation from 1st December, 2018.

After successful deal with IHG, BSL has achieved another milestone by getting the award for management, maintenance and operation of Bangabandhu International Conference Centre (BICC), the prestigious conference centre of the country, for the next 10 (ten) years. In this regard, a contract (lease) agreement has been signed between BSL and Public Works Department (PWD) of Ministry of Housing and Public Works on 17 June 2012. BSL has been managing, maintaining and operating BICC from 1st July 2012.



# InterContinental Dhaka at a Glance

## Background

The first five star hotel of the country, owned by Bangladesh Services Ltd, started its journey in the name of Hotel InterContinental Dhaka back in the mid sixties, subsequently operated as Dhaka Sheraton Hotel, and of late as Ruposhi Bangla from May 2011 to 31st August 2014 after the expiry of the contract with Starwood, the parent company of Sheraton.

On 19th February 2012, BSL has signed a Management Agreement with InterContinental Hotels Group (Asia Pacific) Pte Ltd. (IHG) for a 30-year term for management of its hotel with the option to renew the agreement for 2 terms of 5 years each.

As per the agreement, the hotel has been renovated as per brand standards of IHG. Thereafter, on completion of the renovation works, the hotel has been inaugurated by the Hon'ble Prime Minister of the Government of the People's Republic of Bangladesh on 13 September 2018 and after testing and balancing, the hotel has started its commercial operation as InterContinental Dhaka from 1 December 2018. A brief overview of the facilities of "InterContinental Dhaka" is given below:

## Location

The Hotel stands proudly in the city's most prestigious location, near the lush green surroundings of Dhaka's famous Ramna Park, and close proximity to the downtown business district. It is only 16 km away from Hazrat Shahjalal International Airport.

## Scope of Renovation

### Hotel Facade

The refurbished hotel has a completely new and stylish look whilst retaining key important elements of the original historical design in that,

- All windows have been changed to double glazed units with full height.
- Decorative screens have been introduced in various areas of the facades.
- Illumination of building and mood lighting
- New porch has been constructed for arrival and departure of guests.



## Guest Room

Guest Room has been enlarged and equipped with latest Furniture, Fixture and Equipment to meet the InterContinental requirements. The different categories of rooms of the hotel are as follows:



Types & No. of Rooms	
Diplomatic suite	05
Executive suites	20
Deluxe twin	05
Deluxe rooms	61
King rooms	135
<b>Total</b>	<b>226</b>



## Lobby & Front Desk

The front desk and reception has been relocated to the east wing as it was when the Hotel first opened.

The previous atrium lounge has been redesigned. The floor of the atrium lobby has been elevated up to surrounding level and converted into Food & Beverage outlets.





Meeting Room

## Conference and Banqueting

The Meeting rooms, the Winter Garden and the Ballroom have been renovated and upgraded as per the design of the interior designer to include latest audio visual projections, sound systems and lighting.



The Board Room



Banquet Hall



All Day Dining

## Food & Beverage

The previous All-Day Dining restaurant, Bithika was outdated and had a temporary style buffet that was not in keeping with IHG compliance. The all-Day Dining has been relocated to west wing and has live cooking areas.

Specialty restaurant, Bar and Lounge have been built with contemporary design.



All Day Dining

### Club InterContinental Lounge

A Club InterContinental Lounge is purpose-built as the old club lounge has turned into guestrooms. The new lounge has been built above the current reception desk on the 1st floor incorporating the pre-function area and combining the two meeting rooms.





## Swimming Pool

The Swimming pool and the pool deck have been elevated from its previous ground location to a higher height. New meeting rooms and pre-function area for Winter Garden (now renamed as Ruposhi Bangla Grand Ballroom) have been constructed at the existing Swimming pool area. The relocation of the pool and desk will provide greater pool experience to our valued customers.



## Spa and Gym

Gym has been upgraded as per evaluation of the interior designer. Spa has been added to the health club facilities.

## Other Facilities

**Business Centre :** The Business Centre will provide a range of services including web browsing & e-mail, telex, fax, spiral binding, word processing, photocopy and secretariat services.



## InterContinental Dhaka Balaka Executive Lounge



The Balaka Executive Lounge covering an area of around 10,000 sft situated on the 2nd floor of the terminal of Hazrat Shahjalal International Airport is operated by InterContinental Dhaka -the first 5-star hotel in Bangladesh. The lounge is accessible by international passengers departing from Terminal 1 and Terminal 2.

This is the only lounge in the airport featuring a full kitchen and a bar offering alcoholic beverages with 24-hour service staff. The departing passengers can relax and have meal in the tranquil environment before their departure from Dhaka.



## BSL Office Complex



Besides the hotel, Bangladesh Services Ltd. (BSL) also owns an office complex located just behind the InterContinental Dhaka hotel consisting of one 7-storied building, one 5-storied building and one 4-storied building. The complex with an area of 85,770 sft. is equipped with all modern amenities. The complex accommodates international organizations, banks, money exchange centres, airlines' reservations software

providing organization, airlines' office, travel agencies, securities brokerage house, etc.

Pubali Bank Limited, Bangladesh Food Safety Authority, Agrani Bank Limited, Sonali Bank Limited, Janata Bank Limited, Uttara Bank Limited, Thomson Reuters, GTD Bangla (Provider of amedeus software) are some of those organizations to name.

## BSL Residential Complex

BSL residential complex consists of six buildings having 138 apartments. Among those, there are 3 (three) buildings, each of which is 10-storied and has 36 (thirty-six) apartments. In the other three buildings, each building is 5-storied and has 10 (ten) apartments.





# Welcome to BICC

Bangabandhu International Conference Center (BICC) is the only multi-purpose convention facility in the country, having 17 (seventeen) venues for holding small to large scale events, i.e, state functions, social events, seminars, conferences, product launches, annual general meetings, fairs, exhibitions, cultural programs, reality shows, etc. BICC has been the venue for many renowned economic, social and cultural events. It has proudly hosted a number of international conferences and summits.



## Major Venue & Services

**Milky Way**



The 'Milky Way' with its large open space and ground terrace is ideal to hold large conventions, fairs, expo, etc. Convention or exhibition, anything that involves a huge number of visitors, can be adequately accommodated in this large open space. The big space with a natural inflow of air and easy elevation to the Celebrity by escalator makes it the perfect setting for any kind of public event.

**Hall Of Fame**



From State programs to music concerts, BICC Hall of Fame is ideal to host large scale events. A circular dome with dazzling lighting and seating arrangement reminds a gala concert in a broad way theatre. The spacious Hall of Fame lobby portrays the beauty of a 21st century auditorium of Bangladesh.



#### Carnival & Harmony



The versatile 'Carnival' & 'Harmony' consist of two identical halls. 450 people in theatre style or 350 people in round table style can be accommodated for a conference or seminar in both the halls. It can also complement as the auxiliary venues to Milky Way to hold big fair, expo or convention. Any sort of dinner function is possible at this posh venue.

#### Celebrity



The 'Celebrity' is the epicenter, a unique and purpose built architecture. The superb and spacious Celebrity has the world class amenities. This grand hall with its beautiful chandelier is suitable for dinners, parties, seminars, corporate get-togethers or any grand occasion. A complete kitchen facility is also available.

#### Legendary, Eternity, Elegant & Milestone



In business you never get what you deserve; you get what you negotiate for. Negotiation requires cool nerve and the BICC 'Legendary, Eternity, Milestone & Elegant' give you that fresh and soothing feeling of a place where you can rediscover the strength of your mind. We have created an ambiance in all 4 meeting rooms i.e. Legendary, Eternity, Milestone and Elegant that makes your mind speak.

#### Media Bazaar & Windy Town



The amenities of international standard media meetings with all significant facilities are available on both the venues. Bright lighting with sound facilities and special podium will elevate your media meet to a new height. It can also be used for small parties, get-togethers, cocktails etc.

#### Green View & Executive Lounge



The BICC Green View & Executive Lounge room has a capacity of accommodating around 120 people for meetings, business discussions, get-togethers etc. The green environment on the way to Green View & Executive Lounge touches the heart with freshness. It is ideal to cater for VIP guests, business executives etc.

## NOTICE OF THE FORTY-EIGHTH ANNUAL GENERAL MEETING

Notice is hereby given that the **Forty-Eighth** Annual General Meeting of the Shareholders of Bangladesh Services Limited will be held at InterContinental Dhaka on Monday, the **27th December 2021 at 7:30 p.m.** to transact the following business:

### Agenda

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended on 30 June, 2021 together with the report of the Auditors thereon and the report of the Directors;
2. To elect/re-elect Directors;
3. To approve the appointment of Independent Directors;
4. To appoint Statutory Auditors for the year 2021-2022 and fix their remuneration;
5. To appoint Compliance Auditors for the year 2021-2022 and fix their remuneration.

By order of the Board,

Dated : 08 December 2021

Sd/-  
**(Nisar Ahmed)**  
Chief of Accounts and Finance  
On behalf of Company Secretary

### Notes :

1. The Record date will be 19th December, 2021 which was notified earlier. The Shareholders whose names appeared in the Members/Depository Register on the record date will be eligible to attend the meeting.
2. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. The proxy form, duly stamped, must be deposited at registered office of the Company not later than 72 hours before the time fixed for the Annual General Meeting.
3. Members are requested to notify change of address, if any, to the Company.



# Corporate Information

## Board of Directors

Mr. Md. Mokammel Hossain <i>Secretary, Ministry of Civil Aviation &amp; Tourism</i>	Chairman
Mr. Abu Hena Md. Rahmatul Muneem <i>Senior Secretary, IRD &amp; Chairman NBR</i>	Independent Director
Mr. Masud Bin Momen <i>Foreign Secretary (Senior Secretary), Ministry of Foreign Affairs</i>	Director
Mr. K M Ali Azam <i>Senior Secretary, Ministry of Public Administration</i>	Director
Mr. Md. Mustafizur Rahman, PAA <i>Secretary, Ministry of Land</i>	Director
Air Vice Marshal M Mafidur Rahman, BBP, BSP, BUP, ndu, afwc, psc <i>Chairman, Civil Aviation Authority of Bangladesh</i>	Director
Mr. Md. Hannan Mia <i>Chairman, Bangladesh Parjatan Corporation (BPC) Representing BPC (Shareholder)</i>	Director
Ms. Mahmuda Khatun <i>Additional Secretary, Finance Division, Ministry of Finance</i>	Independent Director
Dr. Mallick Anwar Hossain <i>Joint Secretary, Ministry of Civil Aviation &amp; Tourism</i>	Independent Director
Mr. Md. Ahsanul Haque Khan <i>Chief Architect (Retd)</i>	Director
Mr. Md. Abdul Quaiyum <i>Additional Secretary, Ministry of Civil Aviation &amp; Tourism</i>	Managing Director

## Company Secretary

Now vacant

## Audit Committee

Mr. Abu Hena Md. Rahmatul Muneem	: Chairman
Mr. Md. Hannan Mia	: Member
Ms. Mahmuda Khatun	: Member
Company Secretary	: Member Secretary

## Finance & Administrative Committee

Mr. K M Ali Azam	: Convenor
Mr. Md. Hannan Mia	: Member
Managing Director	: Member
Company Secretary	: Member Secretary



### **Nomination and Remuneration Committee**

Mr. Abu Hena Md. Rahmatul Muneem	:	Chairman
Mr. Md. Mustafizur Rahman PAA	:	Member
Dr. Mallick Anwar Hossain	:	Member
Company Secretary	:	Member Secretary

### **Project Evaluation & Negotiation Committee**

Mr. Md. Ahsanul Haque Khan, <i>Director, BSL</i>	:	Convenor
Mr. Md. Abdul Quaiyum, <i>Managing Director, BSL</i>	:	Member
Prof. Dr. Aminul Hoque, <i>Dept. of Electrical &amp; Electronics Engg., BUET(Retd)</i>	:	Member
Prof. Dr. Ishtiaque Ahmed, <i>Dept. of Civil Engineering, BUET</i>	:	Member
Prof. Dr. Md. Ehsan, <i>Dept. of Mechanical Engineering, BUET</i>	:	Member
Mr. Md. Ruhul Amin, <i>Assistant Professor, Dept. of Architecture, BUET</i>	:	Member
Company Secretary, <i>BSL</i>	:	Member Secretary

### **Auditors**

S. F. AHMED & Co, Chartered Accountants

### **Compliance Auditor of Corporate Governance**

FAMES & R, Chartered Accountants

### **Bankers**

Agrani Bank Ltd.  
Sonali Bank Ltd.  
Standard Chartered Bank Ltd.  
Bangladesh Commerce Bank Ltd.

### **Registered office**

InterContinental Dhaka  
1 Minto Road, Dhaka.

# BOARD OF DIRECTORS



**Mr. Md. Mokammel Hossain**  
Chairman



**Mr. Abu Hena Md. Rahmatul Muneem**  
Independent Director



**Mr. Masud Bin Momen**  
Non-Executive Director



**Mr. K M Ali Azam**  
Non-Executive Director



**Mr. Md. Mustafizur Rahman PAA**  
Non-Executive Director



**Air Vice Marshal  
M Mafidur Rahman**  
BBP, BSP, BUP, ndu, afwc psc  
Non-Executive Director



**Mr. Md. Hannan Mia**  
Non-Executive Director



**Ms. Mahmuda Khatun**  
Independent Director



**Dr. Mallick Anwar Hossain**  
Independent Director



**Mr. Md. Ahsanul Haque Khan**  
Non-Executive Director



**Mr. Md. Abdul Quaiyum**  
Managing Director





# DIRECTORS' PROFILE



**Mr. Md. Mokammel Hossain**  
Chairman

**M**r. Md. Mokammel Hossain, Secretary to the Government of the People's Republic of Bangladesh took charge as the Secretary of the Ministry of Civil Aviation and Tourism on 05 January 2021. Prior to joining as Secretary, he served as Additional Secretary (APD) in the Ministry of Public Administration.

Mr. Md. Mokammel Hossain joined in the Bangladesh Civil Service in 1991 and posted as Assistant Commissioner and Magistrate at the Deputy Commissioner's Office in Khulna. He later worked in different capacities in different ministries and also in the field level. He has served in various ministries such as Ministry of Fisheries and Livestock, Ministry of Food, Ministry of Home Affairs, Ministry of Communication, Ministry of Expatriates' Welfare & Overseas Employment and Economic Relations Division. He also worked in BCS Administration Academy and the Secretariat of the Bangladesh Public Service Commission. He has served in the Prime Minister's Office as the Private Secretary to the Principal Secretary to the Hon'ble Prime Minister. He has served as Additional Secretary (SDG) in the SDG Co-ordinator's Office at the Prime Minister's Office and Additional Secretary (APD) in the Ministry of Public Administration. He has also served in Bangladesh Missions abroad. He worked as First Secretary (Labour) at the Bangladesh High Commission in Singapore and Counsellor (Labour) at the Bangladesh Consulate General in Jeddah, KSA. He received the 'Special Performance Award' as the Best Labour Counsellor while serving as a Counsellor (Labour) at the Bangladesh Consulate General Office in Jeddah, KSA.

Mr. Hossain was born in a respectable Muslim family on 01 January 1964 in Dhaka. He passed SSC from Mohammadpur Government Boys High School in 1979 and HSC from Dhaka College in 1981. He graduated with Honours in Economics from the University of Dhaka in 1984 and did his Master's in Economics in 1985 from the same University. Later, he did MBA from Nanyang Technological University in Singapore. In addition, he completed International Advanced Management Program from the Massachusetts Institute of Technology (MIT) in the United States of America and Professional Development Skills Course from Duke University in USA. Mr. Hossain has visited different countries including the United States of America, the United Kingdom, Singapore, Japan, China, Saudi Arabia, Australia, New Zealand, Egypt, Turkey and Spain.

Mr. Md. Mokammel Hossain conducts sessions on various topics as a trainer in different training institutes. He is the listed resource person in the Trainer Resource Pool of the Government of Bangladesh. He is a life member of Bangladesh Society for Training and Development (BSTD), an organization for professional trainers.

He is happily married and blessed with a daughter. His wife is also a government servant and Secretary to the Government of Bangladesh.

He joined as the Chairman of Bangladesh Services Limited in January 2021.





**Mr. Abu Hena Md. Rahmatul Muneem**  
**Independent Director**

**M**r. Abu Hena Md. Rahmatul Muneem joined as Senior Secretary, Internal Resources Division & Chairman, National Board of Revenue, Bangladesh on January 06, 2020. He is a highly accomplished and professional civil servant with an experience of 34 years in both the central and field administration. Having a diverse administrative broad-based knowledge and experience, he joined the Bangladesh Civil Service (Administration) on 21 January 1986. Prior to assuming this post on January 04, 2020, he was the Senior Secretary of Energy and Mineral Resources Division, Bangladesh.

In his academic attainments, he realized his Bachelor and Master degree in Geology from the University of Dhaka. Later on, he did Diploma in Development Planning degree under Academy for Planning and Development and an MBA (Finance) under Northern University Bangladesh.

Professionally, he worked in the field Administration as Upazila Nirbahi Officer (UNO), Additional District Magistrate, Charge Officer (Zonal Settlement Office) and Divisional Commissioner. During his responsibilities in the field administration, he played a pivotal role to steer the smooth implementation of Sustainable Development Goals (SDGs), Social Safety Network, Digital Bangladesh through ICT expansion, co-ordination among the different departments, monitoring local government activities, disaster management, fast-track and priority projects of Honourable Prime Minister. He also served in the Ministry of Power, Energy and Mineral Resources, Ministry of Public Administration, Ministry of Home Affairs, Ministry of Civil Aviation and Tourism and other departments in different capacities.

After joining the civil service, Mr. Muneem took part in different training programmes that encompass Foundation Training Course, special course on Law and Administration, Advanced Course on Administration and Management (ACAD), Managing at the Top-2 (MATT-2), Energy Management Training Course. As part of the official duty, he attended in different negotiation meetings, workshops, summits and seminars.

Mr. Muneem was born in a noble Muslim family of Sirajganj Sadar, Sirajganj. In his personal life he is married and he is blessed with one son and one daughter.

He joined as a Director of the Board of Directors of Bangladesh Services Limited in January 2020.



**Mr. Masud Bin Momen**  
**Non-Executive Director**

**M**r. Masud Bin Momen is the Foreign Secretary (Senior Secretary) of Bangladesh. He joined as Foreign Secretary on 31 December 2019 and was promoted as Senior Secretary to the government on 15 October 2020. As a career diplomat, Ambassador Masud has long been serving in different capacities at the Headquarters and Bangladesh's Missions abroad.

Prior to his appointment as the Foreign Secretary, he had been Bangladesh's Ambassador and Permanent Representative to the United Nations since 2015. Before that, he served as Bangladesh's Ambassador to Japan from 2012 to 2015. He also served as Ambassador to Italy and Permanent Representative to the Food and Agriculture Organization (FAO), World Food Programme (WFP) and International Fund for Agricultural Development from 2008 to 2012.

Ambassador Masud served at the Headquarters in different capacities. From 2006 to 2008, he was the Director-General in the Ministry of Foreign Affairs, Dhaka and was responsible for matters related to South Asia, the South Asian Association for Regional Cooperation (SAARC), Non-Aligned Movement (NAM), ASEAN Regional Forum (ARF), Human Rights and the United Nations.

He was Deputy High Commissioner at the Bangladesh High Commission in New Delhi, India, from 2004 to 2006 prior to serving as Director of Poverty Alleviation at SAARC Secretariat in Kathmandu, Nepal, from 2001 to 2004.

From 1998 to 2001, he was Director in charge of the Foreign Ministry's United Nations Wing and Foreign Secretary's Office in Dhaka.

Ambassador Masud also served as a First Secretary and Counsellor at Bangladesh High Commission, Islamabad from 1996 to 1998. Prior to that, he served at Permanent Mission of Bangladesh to the United Nations from 1992 to 1996.

Ambassador Masud joined at the Ministry of Foreign Affairs, Bangladesh as an Assistant Secretary in 1988. He belongs to the Bangladesh Civil Service (Foreign Affairs) 1985 Batch.

Mr. Masud holds a Master's degree in International Relations from Fletcher School of Law and Diplomacy, Tufts University, Boston, USA with GPA 4.0. He received Robert B. Stewart Prize for All Round Excellence from Tufts University. He holds another Master's degree in Economics from University of Dhaka. He also received Bachelor's degree in Economics from University of Dhaka. He achieved 'First Class First' position in both Bachelor's and Master's degrees from his Alma Mater. He went to Dhaka College for his Higher Secondary Certificate and to University Laboratory School for his Secondary School Certificate.

Ambassador Masud achieved Chancellor's Award for securing First Class First position in Master's Degree from University of Dhaka. He was also awarded with Rector's Medal from Bangladesh Public Administration Training Centre (BPATC) as the best trainee Officer of the foundation training course.

Ambassador Masud was born in Dhaka on 06 December 1963. He is married and blessed with two children.

He joined as a member of the Board of Directors of Bangladesh Services Limited in February 2020.





**Mr. K M Ali Azam**  
**Non-Executive Director**

**M**r. K M Ali Azam, a career bureaucrat, was born in 1963 in Bagerhat district of Bangladesh. After completing Masters in Economics from Rajshahi University, he joined Bangladesh Civil Service in 1992 as an Assistant Commissioner and Magistrate in Chattogram Collectorate. With wide range of variety during his career, he was posted as Deputy Commissioner & District Magistrate in Chapainawabganj district. He also served as Joint Secretary of Ministry of Home Affairs and Director General of Prime Minister's Office. During the National Election of 2018, he was posted as Divisional Commissioner, Dhaka Division and performed his responsibility as the Returning officer of 15 constituencies of Dhaka City.

He was promoted to Secretary to the Government in 2019 and rendered his service in Ministry of Labor & Employment and Ministry of Industries as well.

Since 16 May 2021, he has been working as the Senior Secretary of Ministry of Public Administration. He leads a happy family life with 2 (two) children.

He joined as a member of the Board of Directors of Bangladesh Services Limited in June 2021.



**Mr. Md. Mustafizur Rahman PAA**  
**Non-Executive Director**

**M**d. Mustafizur Rahman PAA was born in 1964 in Khulna district of Bangladesh. He completed his masters in physics from Rajshahi University. In 1991 he joined Bangladesh civil service as an Assistant Commissioner and magistrate. He served as a programmer for 3 years in Bangladesh Computer Council. He has a wide range of working experience within different capacity of the government. In 2011, he was posted as a Deputy Commissioner of Jashore district. Under his leadership Jashore district was declared as a first digital district by the Honorable Prime Minister of Bangladesh Sheikh Hasina. He got the e-Asia award 2011, best DC award in 2012 (for the contribution in implementing e-services in the field administration level), best DC award in 2013 (for the contribution in Primary Education), best DC award 2013 ( for the contribution in one house one firm project). He also got the 'Public Administration Award 2016' as a recognition to his outstanding contributions as a public servant. Md. Mustafizur Rahman has been bestowed with National Integrity Award for the fiscal year 2019-2020. Recently he has been awarded Digital Bangladesh Award-2020 for his relentless contribution in the country's ICT sector. Now he is serving as the Secretary, Ministry of Land.

He joined as a member of the Board of Directors of Bangladesh Services Limited in March 2021.





**AIR VICE MARSHAL M MAFIDUR RAHMAN**  
BBP, BSP, BUP, ndu, afwc, psc  
**Non-Executive Director**

**A**ir Vice Marshal (AVM) M Mafidur Rahman was born in 1964. He joined Bangladesh Air Force (BAF) in 1983 and was commissioned in 1985 from BAF Academy in General Duties (Pilot) branch. He obtained his Master's Degree in National Security Strategy from National Defence University, Washington DC, USA

He served in various command, instructional and staff appointments in different flying Squadrons, Wings, Bases and Air Headquarters. Some of the key appointments he held are Officer Commanding of different Fighter Squadrons of BAF & Flying Training Wing, BAF Academy, Director (Project, Plans, Air Operation, Training, Air Intelligence, Personnel), Directing Staff of Armed Forces War Course Wing, National Defence College. He served in two Main Operational BAF Bases as Air Officer Commanding (AOC), namely BAF Base Bangabandhu, Kurmitola, Dhaka and BAF Base Zahurul Haque, Patenga, Chattogram.

AVM M Mafidur Rahman attended a number of professional courses both in home and abroad including Basic and Advance Flying Training course and Command and Air Staff Course in Indonesia, Armed Forces War Course from National Defence College, Mirpur, Dhaka and National War Course in USA.

He is an experienced UN Peacekeeper. He served as Military Observer in Macedonia in 1998 and as Contingent Commander of Aviation Units in DR Congo in 2005 and 2012. He is a fighter pilot and flew various types of fighter aircraft of BAF and friendly Air Forces. He has experience of flying BAF Cargo and Helicopters as well. He led flying displays and fly pasts in various occasions including National Victory Day Past in 2016 and 2017. Presently, he is serving as Chairman, Civil Aviation Authority of Bangladesh. His hobbies include reading books, playing golf and traveling. AVM M Mafidur Rahman is married to Sharmin Sultana and proud father of twin daughters, Mayisha Rahman and Ramisa Rahman.

He joined as a Director of the Board of Bangladesh Services Limited in August 2019.



**Mr. Md. Hannan Mia**  
**Non-Executive Director**

**M**r. Md. Hannan Mia, a Grade-1 official to the government of Bangladesh joined Bangladesh Parjatan Corporation (BPC) as new Chairman. Prior to BPC, Mr. Hannan served as Director General (DG) of the Department of Archaeology. Earlier, he served in BIAM Foundation as Director. A 9th BCS (Administration) Cadre official joined the Bangladesh Civil Service in 1991 as Assistant Secretary first in the Ministry of Cultural Affairs. Mr. Hannan previously worked in field administration and different offices in different capacities, which include UNO at Shalla Upazila under Sunamganj district and at Jakiganj under Sylhet district. He wrote three fundamental books on 'Proceedings of Executive Magistrates', 'Procedure of Conducting Criminal Law, as well as 'Executing the Land Law and Management. He has also a book on the true History of our liberation war named ' Freedom Offerings'. 'He obtained MSS Degree in International Relations from DU and Diploma on International Relations Management from UK. He was born at Moutopi Union under Bhairab Upazila in Kishoreganj District.

He joined as a member of the Board of Directors of Bangladesh Services Limited in March 2021.





**Ms. Mahmuda Khatun**  
**Independent Director**

**H**aving professional knowledge and experience on matters of expenditure control of revenue budget, administration and governance, Ms. Mahmuda is a proficient civil servant in the Bangladesh Civil Service (Administration Cadre) 10th BCS batch with a prominent career of more than 15 years. She has been serving now as Additional Secretary, Ministry of Finance since 2017. She discharged her responsibilities as Assistant Commissioner & Magistrate, Dhaka Collectorate, Assistant Secretary, Ministry of Science and Technology, Senior Assistant Commissioner (First Class Magistrate), Dhaka Collectorate, Senior Assistant Commissioner (First Class Magistrate), Gazipur Collectorate, Senior Assistant Secretary, Ministry of Public Administration. Ms. Mahmuda Khatun had also served as Metropolitan Magistrate, Dhaka Metropolitan Court, Senior Assistant Secretary, Local Government Division, Ministry of Local Government, Rural Development and Co-operatives. She was Deputy Secretary, Ministry of Public Administration, Deputy Secretary, Ministry of Commerce, Joint Secretary, Finance Division, Ministry of Finance. She obtained M. Sc (Psychology) from University of Dhaka. She completed several international trainings related to her field of works from South Korea, Singapore, Thailand, Australia, USA, Malaysia, India, Vietnam, China and Sri-Lanka.

She joined as a Director of the Bangladesh Services Limited (BSL) and a member of the Audit Committee in March 2021.



**Dr. Mallick Anwar Hossain**  
**Independent Director**

**D**r. Mallick Anwar Hossain is currently performing as the Joint Secretary of the Ministry of Civil Aviation and Tourism. As a member of BCS (Administration) cadre, he served the people in different positions including Assistant Commissioner, AC(Land), UNO, Additional District Magistrate and Deputy Director, Local Government. He also carried out the post of Scientific Officer of Bangladesh Agricultural Research Institute, District Information Officer, Deputy Director of Bangladesh Public Administration Training Centre (BPATC), Director of the Benapole Land Port and Director of the Department of Environment. Before joining the current position, he served as Deputy Commissioner and District Magistrate, Sherpur and Additional Director General of the Department of Environment. He was the former syndicate member of the Bangabandhu Sheikh Mujibur Rahman Aviation and Aerospace University.

Dr Mallick Anwar Hossain did his B.Sc. Ag(Hons) and Master of Science (MS) from Bangladesh Agricultural University and Bangabandhu Agricultural University (former IPSA) respectively. He was awarded PhD in Agricultural Economics from the Institute of Bangladesh Studies (IBS) under the University of Rajshahi. Numbers of research highlights, articles and books were published in his career. He visited several countries including Saudi Arabia, USA, China, Korea, Thailand, Malaysia, Philippines, Singapore, India and Maldives. He is a member of a family with son Labid Rahat, daughter Nadid Nawshin Orni and spouse Ismot Ara.

He joined as a Director of the Board of Bangladesh Services Limited (BSL) in September 2020.





**Mr. Md. Ahsanul Haque Khan**  
**Non-Executive Director**

**M**r. Md. Ahsanul Haque Khan obtained Bachelor of Architecture (B. Arch.) in the Late 70's from Bangladesh University of Engineering and Technology (BUET). He earned Masters in Arts on Health Facility and Planning from Council for National Academic Awards (MARU-Medical Architecture Research Unit), PNL, London, U.K. He completed Post Graduate Diploma in Procurement Management (P. G. Dip.) in the Public Sector from the International Training Centre, ITC (ILO), Turin, Italy. He was involved in the "Preparation and Procession of Projects in Prescribed Proforma" by the Academy of Planning and Development (APD), Ministry of Planning, Government of Bangladesh from 1986-1989. He also took further certificate courses on Urban Sustainability Programme Collaborative for ecosystem services governance in the context of poverty alleviation from Gotland University, SWEDESD, Sweden; "Facility Modernization and Strategy of Facility Upgrade" from Centre for Extension, Entrepreneurship and Professional Advancement (APEEC) from Faculty of Medicine and Health Services, University of Putra, Malaysia and also a Country Focused Program in Building Administration from JICA, Japan. He joined in additional programs that included the exchange of views and group training on World Bank Funded Project to Pro Poor Slum Integration in Sri Lanka, Thailand and Cambodia. He was also a Government delegate/representative to cross-exchange ideas and views on various modern architectural works covering Housing, Health Facilities, Construction Material and Technology, Landscaping, etc. in UK, France, China, Singapore, India, Australia and USA.

He was the Chief Architect of the Government of People's Republic of Bangladesh, holding office from December 2011 to January 2015. He has designed and supervised over fifty large/mega - scale Government Hospital & Medical College projects across all districts of Bangladesh. Sheikh Fazilatunnessa Mujib Memorial Specialized 500 Bedded Hospital and Nursing College at Gazipur, Bangabondhu Sheikh Mujibur Rahman Medical University, Shahbag, Modernization and Extension of Dhaka Medical College & Hospital (600 Bed) in Dhaka, Shahid Ziaur Rahman Medical College and Hospital in Bogra (500 Bed), National Institute of Neuro Sciences (NINS) (300 Bed), Agargaon, Dhaka, are only a few of his long list of completed projects. He is a Fellow of Institute of Architects, Bangladesh (IAB). He has been actively participating and presiding in different professional specialized committees for Eg. He was the Convener of the Steering Committee of Bangladesh National Building Code (BNBC), the Convener of Heritage Committee, Convener of Nagar Unnayan Committee, VP of Greater Bogra District Samity, VP of North Bengal Kalyan Samity, Ex VP. Of Central Student's Union, Sohrawardi Hall & Member, Central Student's Union BUET Member, Governing Council, House Building Research Institute (HBRI) and many more. He has also founded/leaded/participated different cultural societies & movement like Moumachi Khelaghor, Bogra, Udichi, Bogra, Bogra Natto Goshti and Shommilito Shanskritic Joat, and many more.

He joined as Director of the Board of Bangladesh Services Ltd in October, 2012 and has been appointed as the Convener of the Project Evaluation and Negotiation Committee of BSL for hotel renovation project of BSL.





**Mr. Md. Abdul Quaiyum**  
**Managing Director**

**M**r. Md. Abdul Quaiyum was born in a respectable Muslim family at Sylhet on 13 February 1967. He obtained his Master's degree in Mathematics from the University of Chittagong. He also obtained Masters in both Business Administration and Public Policy & Management from Northern University. Mr. Quaiyum joined in Bangladesh Civil Service (Administration) Cadre as an Assistant Commissioner in 1994 in Divisional Commissioner Office at Rajshahi. He discharged his responsibilities as Assistant Commissioner, Assistant Commissioner (Land), Assistant Director Local Government, General Certificate Officer, Magistrate 1st class, Senior Assistant Commissioner, Revenue Deputy Collector, Upazila Nirbahi Officer, Metropolitan Magistrate in field administration and as Senior Assistant Secretary, Deputy Secretary in Bangladesh Secretariat. He worked in Ministry of Water Resources and Ministry of Public Administration. He also worked in Zila Parishad as Chief Executive Officer and as director, Bureau of Mineral Development.

Mr. Quaiyum got various Professional training in country, namely Foundation Training Course, Law and Administration Course, Orientation Course at Bangladesh Military Academy, Conduct, Discipline & Protocol, Advanced Law and Administration Course, Upazila Administration & Development, Public Procurement Management, Managing at the Top-2(MATT-2), Advanced Course on Administration and Development, Training on Performance Based Evaluation System (PBES), Survey and Settlement Training and Computer Basics.

He also participated in a number of foreign training programs which include Managing Change in the Singapore Public Service for Officials from the Government of Bangladesh, Seminar on Governance for Bangladesh Civil Servants, Capacity Building Program on Good Governance & Effective Public Administration for the Officers of the Government of Bangladesh, Capacity Building Program for Government Officials from Bangladesh, Public Personnel Administration for Middle Level Officials, Administering Environment and Development in the 21st Century's information Era and Capacity Development of Bangladesh Public Servants for Infrastructure Management.

He visited different countries namely India, Thailand, Vietnam, Singapore, South Korea, Kingdom of Saudi Arabia, Japan, China, Australia, Indonesia, Malaysia and United Kingdom for attending in Training Programs, Seminars and Workshops.

Mr. Md. Abdul Quaiyum, Additional Secretary to the Government is currently serving as Managing Director, Bangladesh Services Limited (Owner of InterContinental Dhaka), a Public Limited Company, under the Ministry of Civil Aviation and Tourism. Prior to this position, he worked as Company Secretary in Bangladesh Services Limited.

He joined as a member of the Board of Directors of Bangladesh Services Limited (BSL) in June 2020.





Audit Committee Meeting



Meeting of the Nomination and Remuneration Committee



## REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2021

Bangladesh Services Limited (BSL) has a prime Sub-Committee for ensuring its good governance. The Board has formed the Audit Committee as per Corporate Governance Code of the Bangladesh Securities & Exchange Commission (BSEC) with some specific assignments under its Terms of Reference. The present Committee consists of Mr. Abu Hena Md. Rahmatul Muneem, Senior Secretary, IRD & Chairman, NBR and Director, BSL Board as Chairman, Mr. Md. Hannan Mia, Chairman (Grade-1), Bangladesh Parjatan Corporation and Director, BSL Board as Member, Ms. Mahmuda Khatun, Additional Secretary, Finance Division, Ministry of Finance and Director, BSL Board as Member and Mr. Md. Nazmus Sadat Salim, Company Secretary of BSL as Member Secretary.

All members of the Committee are Non-Executive Directors and the Chairman of the Audit Committee is an Independent Director. The Audit Committee Report presented under condition 5 of the Corporate Governance Code of BSEC, provides an insight on the functions of the Audit Committee during the year ended 30 June 2021.

Due to the outbreak of COVID19, all social and commercial activities were almost stopped for the declaration of internal lockdown and restrictions imposed Globally. As such, though the situation was not conducive to carry out the monitoring activities in respect of internal audit, operation and risk management of the company, the Committee had tried to hold required number of meetings and provided guidance to the BSL Management to address the matters of importance.

### Purpose and Authority of the Audit Committee

The Audit Committee performs to ensure compliance with the Corporate Governance Code promulgated by the Bangladesh Securities and Exchange Commission (BSEC). The role of the Audit Committee is to monitor the integrity of the financial statements of the Company, review where appropriate and make recommendations to the Board on internal controls, Risk management, compliance and audit. The Committee satisfies itself by means of suitable steps and appropriate information that proper and satisfactory internal control systems are in place to identify and contain business risks and that the Company's business is conducted in a proper and financially sound manner. The Audit Committee assists the Board of Directors to ensure that the financial statements reflect a true and fair view of the state of affairs of the Company and ensures a sound monitoring system within the business. The Audit Committee is accountable to the Board of Directors. The duties of the Audit Committee are clearly set forth in writing.

The Audit Committee is authorized by the Board to review any activity within the business as per its terms of reference. The Committee is authorized to seek any information it requires from any member of management at any of its meetings. All employees are expected to cooperate with any request made by the Committee. The terms of reference of the Audit Committee may be amended from time to time in line with BSEC notifications subject to approval by the Board.

### Responsibilities and Duties of the Audit Committee

The responsibilities and duties of the Audit Committee are:

#### Reviewing Financial Reporting

To review the quarterly and annual financial statements of the Company, more attention is given particularly on:

- (i) Any significant changes to accounting policies and practices;
- (ii) Significant adjustments arising from the audits;
- (iii) Compliance with applicable financial reporting standards and other legal and regulatory requirements; and
- (iv) The going concern assumption.

#### Reviewing Related Party Transactions

To review any related party transactions and conflict of interest that may arise within the Company including any transaction, procedure or conduct raising questions of management integrity.

#### Prepare Audit Committee Reports

To prepare the annual Audit Committee Report and submit it to the Board. The report specifies the composition of the Audit Committee, terms of reference, number of meetings held and attendance thereat, summary of activities and the performance of internal audit services.



## Review and Ensure Internal Control

To review Risk Management and Corporate Governance framework adopted within the Company and to be satisfied that the methodology deployed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner.

To review the extent of compliance with established internal policies, standards, guidelines and procedures.

To obtain assurance that proper control has been designed and implemented prior to the commencement of major change within the Company.

## Monitoring Internal Audit

To appoint Internal Audit team ensuring the competency and qualifications necessary to execute the audit plans. Audit Committee also ensures full, free and unrestricted access to all activities, records, property and personnel for Internal Audit.

To be satisfied that the plan, methodology and resource of Internal Audit are adequate before approving the internal audit plan.

To ensure that appropriate actions have been taken to implement the audit recommendations.

To recommend and guide Internal Audit for any action plan or further review if it is deemed necessary by Audit Committee.

## Responsibility related to External Audit

To oversee the hiring of External Auditors and to oversee External Audit performance by reviewing the nature and scope of audit plan, audit report, evaluation of internal controls and coordination of the external auditor.

To hold meeting with the External Auditors to review Financial Statements, audit findings and recommendation before submitting to the Board for approval or adoption.

To review any findings by the external auditor arising from audits, particularly any comments and responses in management letters, as well as the assistance given by the employees of the Company in order to be satisfied that appropriate action is being taken.

To review External Auditor's assessment on the Statement on Risk Management and Internal Control.

To review any matters concerning the appointment and reappointment, audit fee and resignation or dismissal of the external auditor.

To review and evaluate factors related to the independence of the external auditor and assist them in preserving their independence.

To be advised of and decide to or not to make significant use of the external auditor in performing non-audit services within the Company, considering both the types of services rendered and the fees, so that its position as auditor is not deemed to be compromised.

Besides all of the above responsibilities, Audit Committee will act on any other matters as may be directed by the Board which are not in conflict with the Corporate Governance Code mandated by BSEC and audit Manual approved by the Board.

## Reporting of the Audit Committee

### Reporting to the Board of Directors

The Audit Committee reports on its activities to the Board of Directors. The Audit Committee shall immediately express its concerns to the Board in case of following findings:

- (i) Report on conflicts of interests;
- (ii) Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;
- (iii) Suspected infringement of laws, including securities-related laws, rules and regulations; and
- (iv) Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately.

The Audit Committee further ensures that, in compliance with condition no. 5 of the Corporate Governance Code of Bangladesh Securities and Exchange Commission Notification No. SEC/ CMRRCD/2006-158/207/ Admin/80 dated 3 June 2018, the Chief Executive Officer (CEO)/Managing Director and Chief Financial Officer (CFO) of the Company have certified before the Board that they have thoroughly reviewed the Financial Statements of the Company for the year ended 30 June 2021, and they state that:



- (i) They have reviewed the financial statements for the year ended 30 June 2021 and that to the best of their knowledge and belief;
- (ii) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (iii) These statements collectively present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws; and
- (iv) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct of the Company's Board of Directors or its members.

Such joint certificate of the CEO and CFO is thoroughly reviewed by the Audit Committee before submission to the Board.

### **Reporting to the Authorities**

The Audit Committee reports to the Board of Directors about anything which has a material impact on the financial condition and results of operation. The Committee also discusses with the Board of Directors and the management if any rectification is necessary. If the Audit Committee finds that such rectification has been unreasonably ignored, the Committee reports such findings to the Bangladesh Securities & Exchange Commission upon reporting of such matters to the Board of Directors for three times or upon completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.

### **Reporting to the Shareholders and General Investors**

Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition No. 5(6)(a)(ii) of the BSEC Corporate Governance Code during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the Annual Report of the Company.

### **Meeting Attendance**

The Audit Committee met four times during the year ended 30 June 2021. All the members were present in all meetings of the Committee. The details of attendance of other members at the Audit Committee meetings during the year ended 30 June 2021 are as follows:

The Managing Director, Chief of Accounts & Finance, Head of Internal Audit & Compliance of Bangladesh Services Limited and representatives of the External Auditor attended the meetings upon invitation by the Audit Committee. From time to time, other senior members of the management have also been invited in the meeting by Audit Committee. On an annual basis Audit Committee met with the External Auditors and Internal Auditors separately without presence of any Executive.

The Company Secretary, being the member Secretary of the Audit Committee, facilitated the Chairman and other members for effective functioning of the Committee.

### **Summary of Activities during the year ended 30 June 2021**

The Committee members performed its duties in accordance with the Terms of Reference of the Audit Committee and carried out the following activities during the year ended 30 June 2021:

#### **Reviewing Financial Reporting for the year ended 30 June 2021**

Audit Committee Reviewed the quarterly and annual financial statements of the Company with the Chief of Accounts & Finance and Managing Director before recommending them to the Board of Directors for approval. The Committee also concluded that the financial statements presented a true and fair view of the Company's financial performance.

#### **Monitoring Internal Control**

Audit Committee reviewed the Company's Risk Management process and its mitigation plans. Besides, the Committee reviewed action plan status arising from various reviews including updates on breaches of the Standards of Business Conduct and whistle-blowing incidents.

#### **Monitoring Internal Audit Process**

Audit Committee reviewed and approved Internal Audit and Compliance Review plan for the year ended 30 June 2021. The Committee also reviewed the individual audit reviews including findings, cause and impact. They also reviewed and monitored action plan arising from the reviews.



### Reviewing External Audit plan and their independence

Audit Committee reviewed and oversaw the external auditor's activities its nature and scope and their performance, audit report, evaluation of internal controls and coordination between the internal and external auditors. The Committee extended its cooperation to make sure that the external auditors are independent, and that there is no conflict of interest which have weakened the external auditors' ability of issuing their opinion about the organization's financial statements and financial position

### Ethical and Integrity Areas

Audit Committee carefully reviewed the reports on whistleblowing and breach incidents, security and safety matters and loss reports. They also periodically reviewed the health and hygiene of food preparation and food safety conditions of hotel.

### Review Annual Report Process

Committee reviewed disclosures required by the statement on corporate governance and audit committee report for the financial year ended 30 June 2021 for inclusion in the Annual Report, 2021, and recommended their adoption to the Board.

### Internal Audit Report process

The role of Internal Audit at the Company is designed in line with audit guidelines delineated in the audit manual and local legal & regulatory requirements. BSL's Audit team comprises of a number of experienced professionals from within the company.

The Internal Auditors apply either risk-based audit approach or traditional audit approach to conduct their audit activities based on the nature of engagements, scope and risk of audit which is consistent with the standard guidelines. The audit activities have been conducted in the company giving more emphasis on operational processes, internal control and compliances.

BSL assists the Audit Committee, if required, in reviewing the effectiveness of the Management Committees' role to create control environment and to ensure the appropriate balance of controls and risks throughout the Company in achieving its business objectives. Any inappropriate restrictions on audit scope are being reported to the Audit Committee. Internal Audit provides an independent assessment on the effectiveness and efficiency of internal controls using appropriate audit methodology and procedures to support the Company and the risk management system.

The Audit Committee formally approves the Internal Audit & Compliance plan every year and reviews the plan on quarterly basis. Any subsequent changes to the plan are being approved by the Audit Committee. The scope of Internal Audit & Compliance covers reviews of all units and operations.

In the year ended 30 June 2021, the Internal Audit and Compliance team carried out audit and compliance reviews on the activities of BSL and hotel for the year ended 30<sup>th</sup> June 2020. There were 16 (sixteen) findings developed from BSL and 6 (six) from hotel operation. As per Internal Control Rating system, 10 (ten) findings have been categorized as "Inadequate" and the rest 6(six) findings as "Need Improvement". The Audit report delineating the aforesaid findings was issued to the BSL and the Hotel Management team. The findings were placed showing the category of control ratings before the Audit Committee meeting for its review and consideration. The Committee held discussion on the 6 (six) out of these findings in detail. The Committee after discussion took decision with a direction to take corrective actions. The other findings were deferred for subsequent review. Accordingly, Management took appropriate actions. The specific action arising out of internal audit activities has supported the company to build a strong internal control environment within its business risk areas.

Sd/-  
**(Abu Hena Md. Rahmatul Muneem)**  
Chairman  
Audit Committee  
&  
Director, BSL Board



Board of Directors' Meeting of Bangladesh Services Limited



# Directors' Report

**Dear Shareholders**

**Assalamualaikum**

It is a privilege for me and the Directors to welcome you all to this Forty-Eighth Annual General Meeting (AGM) of your Company, the Bangladesh Services Ltd (BSL). I would like to place before you the Directors' Report together with the audited financial statements of BSL for the year ended on 30th June 2021, on behalf of the Board.

## **Business Performance**

As you know, BSL is engaged mainly in the hospitality business. The majority of its revenue comes from the hotel operations. In addition to revenue from the Hotel, though income is generated from renting of spaces in Office Complex for commercial purposes and through operation and management of Bangabandhu International Conference Centre (BICC), those are not significant.

The global pandemic, Novel Coronavirus which broke out in Bangladesh in March 2020 prevailed during the entire year of 2020-2021. Worldwide, hospitality and tourism sectors are two of the worst-hit sectors of the pandemic. Due to lockdown, restrictions in movement of the people and restrictions in international flights, holding of events, the business of the Hotel was hit hard in the year under review. As a result, the Company could not earn the desired revenue.

**Dear Shareholders**

You are aware that the global pandemic which started at the end of 2019 is still continuing. As a result, there were time to time suspension and restrictions in international travels to and from Bangladesh. Besides, there were restrictions in holding of social gatherings, seminars, conference, etc. by physical presence.

Majority of our room business is generated from international guests. Therefore, due to suspension and restriction of international flights, there were no international guests except for in the month of March 2021 for celebration of Mujib Borsho. In order to attract the guests from domestic market for room business, different promotional packages were offered on regular basis. But that also did not bring us desired room revenue.

Besides, restrictions in holding social gatherings, seminars, conference by physical presence resulted in extremely low banquet and restaurant business. Consequently, revenue from sale of food and beverage was also extremely low.

As a result of low business, the Company earned a revenue of Tk.49.88 crore in 2020-21 compared with that of Tk.97.88 crore of the last year.

Rental income from BSL office complex for the year under review decreased to Tk.3.07 crore from Tk.4.88 crore as compared with that of the previous year. As some tenants had left the complex, some spaces had fallen vacant, for which the revenue was less.

BICC, the other source of revenue, was the worst affected unit by the Covid-19. Revenue of BICC was Tk.5.34 crore against that of Tk.34.48 crore of the last year. As a result, BICC incurred loss of Tk.8.84 crore in 2020-21 against the profit of Tk.4.75 crore in the previous year. It may be mentioned that from January 2019, BSL has been operating BICC on profit-sharing basis.

The Company took several measures to control its expenses and to keep the same at bare minimum which includes, among others, deferment of all capital expenditure, reduction of salaries of the executives, termination of contracts of the expatriate employees, reduction of deployment of manpower, reduction of overtime works, adopting Just-in-Time inventory method, etc.

Total Administrative and other expenses stood at Tk.184.20 crore which is higher by Tk.85.79 crore from that of Tk.98.41 crore of 2019-20. The major items for increase of overhead expenses were depreciation, interest on long term loan and Supplementary duty and VAT payable to NBR. The transfer of capital work-in-progress of Tk.509.80 crore to Property, Plant and Equipment (PPE) resulted in the increase of the value of PPE and consequently, the depreciation



has increased from Tk.12.79 crore in 2019-20 to Tk.57.21 crore in 2020-21. For the same reason, interest charged during the year has increased to Tk.78.27 crore from that of Tk.39.36 crore of the previous year. Hon'ble Appellate Division of the Supreme Court has dismissed the Review Petition of BSL along with all other review petitions filed by other five-star hotels in the Country against demand notice of Large Taxpayers Unit (LTU) for Tk.18.84 crore as Supplementary Duty and VAT on the total bills of services rendered in the restaurant of the Hotel during 2005-2009. As a result, as the amount has become payable, it has been charged as expense.

The Gross Profit for the year under review stood at Tk.17.44 crore which is lower by TK.30.09 crore from that of the last year. The main reason of low Gross Profit is the decrease in revenue by Tk.48.05 crore from that of the last year. The Gross Profit percentage to revenue (35%) is less than that (48.55%) of the last year. During the year under review, major source of revenue was sales from restaurant/food outlets which has lower profit margin compared with that of guestrooms. On the other hand, due to restrictions on social gatherings, holding of seminars, conferences, etc. due to Covid-19, rental of venues for events having higher profit margin was extremely low. Further, due to time to time, restrictions of international flights, there were no international room guests except for in the month of March on the occasion of Mujib Borsho. As a result, room revenue which also have higher profit margin were extremely low. Further, in order to attract customers from the domestic market, though different offers were made by the Hotel on regular basis, the major offers were price-cut on room tariff which was almost the half of the regular tariff. In spite of all those promotions, occupancy was insignificant and thus revenue from room was also very low. All the above factors resulted in low gross profit margin.

#### Dear Shareholders

Extremely low revenue due to the impact of Covid-19 and increase in the expenses for aforesaid reasons resulted in net loss of the Company, which after tax, stood at Tk.180.65 crore against that of Tk.46.29 crore of the last year. As a result of increase of net loss, Earnings Per Share (EPS) has become more negative from that of the previous year.

As no net profit was earned in the year under review, the Board did not recommend for declaring any dividend.

#### Key Operating and Financial data

Key operating and financial data for the year ended on 30 June 2021 along with those of immediate preceding four years are mentioned below as per the requirement of Bangladesh Securities and Exchange Commission:

Particulars	Unit	July, 2020- June, 2021	July, 2019- June, 2020	July, 2018- June, 2019	July, 2017- June, 2018	July, 2016- June, 2017
Occupancy	%	16.37%	28%	23%	-	-
Revenue from hotel operation	Tk	498,296,066	978,831,861	71,03,70,575	26,87,79,298	24,16,92,546
Gross profit	Tk	174,452,018	47,52,91,886	33,49,26,315	11,47,66,728	10,34,39,110
Adm. & Non-operating expenses	Tk	(1,842,041,439)	98,41,30,218	59,95,02,012	43,69,71,731	35,31,66,779
Remuneration to Directors	Tk	19,62,000	33,98,500	36,28,900	48,87,600	47,84,800
Profit/(Loss) from operation	Tk	(1,667,589,421)	(50,88,38,332)	(26,45,75,697)	(32,22,05,002)	(24,97,27,669)
Revenue from BSL Office Complex	Tk	69,095,514	8,18,90,549	8,77,22,942	9,22,96,464.00	7,86,59,211
Profit from BSL Office Complex	Tk	30,763,982	4,88,06,296	5,50,55,009	5,97,34,988	4,72,46,089
Profit/(Loss) before Tax	Tk	(1,681,467,261)	(36,43,07,801)	(36,36,99,451)	(55,45,04,987)	(42,71,59,977)
Provision for Tax	Tk	125,079,199	9,86,37,393	693,626	1,25,39,555	6,55,96,028
Profit/(Loss) after Tax	Tk	(1,806,546,459)	(46,29,45,19)	(36,43,93,077)	(55,45,04,987)	(49,27,56,005)
Shareholders' Equity	Tk	(2,467,855,878)	(66,13,09,418)	(19,83,64,224)	4,07,35,997	59,52,40,984
Earnings per share (EPS)	Tk	(18.47)	(4.73)	(3.73)	(5.67)	(5.04)



### Post-Balance Sheet Event

Large Taxpayers Unit (LTU) of NBR in 2009 informed BSL and other similar hotels that for those hotels which also provide in-house restaurant services, supplementary duty (SD) would be imposed on the receipts from supply of alcoholic beverages and organization of floor show. They further claimed that since the Hotel has in-house restaurants where alcoholic beverages are served and also floor show is organized, supplementary duty shall be payable on such receipts. They, therefore, claimed TK.18.84 crore for the period from July 2005 to June 2009 and which, as per verdict of the Appellate Division of the Supreme Court after the reporting period, has become payable.

### Contribution to National Exchequer

During the period under review, the company contributed TK.14.70 crore to the Government exchequer in terms of income tax, VAT, etc.

### Statutory Auditor

The existing auditors, S. F. Ahmed & Co. Chartered Accountants, have completed their third consecutive year as auditors of BSL. Therefore, as they cannot be re-appointed as per provisions of Bangladesh Securities and Exchange Commission, BSL invited offers from a number of renowned Chartered Accountants firms of the country. Board of Directors have recommended Hoda Vasi Chowdhury & Co., Chartered Accountants for appointment as auditors of the company for the year 2021-2022 at a fee of Tk.2.30 lac (two lac thirty thousand) only plus VAT plus out-of-pocket expenses same as that of the last year.

### Compliance Auditor

Board of Directors of the company have recommended FAMES & R, Chartered Accountants for reappointment as compliance auditor of the company for the year 2021-2022 at a fee of Tk.42,000/- plus VAT and out-of-pocket expenses. The fee proposed is also as same as the year. 2020-2021

### Statutory information on the financial statements

As per Bangladesh Securities and Exchange Commission's guidelines, it is also reported that:

- The Financial Statements of the Company present a true and fair view of the Company's state of affairs, the result of its operation, cash flows and changes in equity.
- Proper books of accounts as required by law have been prepared.
- Appropriate Accounting policies have been followed in formulating the Financial Statements and accounting estimates are reasonable and prudent.
- The Financial Statements were prepared in accordance with International Accounting Standards (IAS) as applicable in Bangladesh.
- The declaration or certification by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to the Board of the company as per requirement of condition No.3 (three) of the Condition of Corporate Governance Code issued by Bangladesh Securities and Exchange Commission on 3 June 2018 is disclosed in the Annual Report.
- The Internal control system is sound in design and effectively implemented and monitored.
- There is no significant doubt on company's ability to continue its operation as a 'Going Concern'.
- The Deviation from the operating results of last year is reported in the details to accounts.
- Details about Board meetings, Audit Committee meetings, Nomination and Remuneration Committee meetings, Shareholdings are given in Annexure-A; Certificate of compliance to the shareholders issued by the Compliance Auditor is given in Annexure-B; and status of compliance with the conditions on corporate governance is given in Annexure-C as per Securities and Exchange Commission's Notification.



## Corporate Culture

The Company has been following a strong corporate culture by complying with Bangladesh Securities and Exchange Commission's Notification dated 20 February 2006 and subsequent Notifications dated 7 August 2012 and 3 June 2018. The Company has also been upgrading skills of its employees through regular training to enhance efficiency and provide better services.

## Code of Conduct and Business Ethics

The Board of Directors of the Company have approved a Code of Conduct and Business Ethics for the Directors which is also available in Company's website. The Code so made has been being followed by all concerned.

## Social responsibility

We are pleased to inform you that we have not retrenched any employee of the Company due to low revenue for fall in business on account of Covid-19. We value our employees as they have given their services earlier to the Hotel and still putting their best efforts to help achieve the targets of the Company to survive in this difficult situation. In recognition to their contributions, we have retained all our employees despite the financial hardship of the Company.

The Hotel used to collect voluntary donations through IHG foundation to support distressed people across the world and for the sustainable socio-economic welfare, especially, children-welfare oriented activities organized by UNICEF in Bangladesh. At the time of national emergencies like flood, cyclone and other natural calamities, both BSL and the Hotel would contribute to the Prime Minister's Relief fund. During Covid-19, the employees of BSL and the Hotel contributed their one day's basic salaries to the Prime Minister's fund. Besides, during winter, blankets were distributed among the under-privileged. BSL recognizes its responsibility to the society by way of extending financial supports at the time of national disasters.

Every year during Ramadan, BSL hosts Iftar party for the under-privileged at the hotel premises, which, after closure of the hotel, was hosted in BICC. In the year under review, though, the iftar party could not be held due to Covid-19, BSL distributed food from InterContinental Dhaka among the orphans on the national mourning day, independence day and victory day. BSL is contributing to the development of tourism industry by giving opportunity to the students of National Hotel and Tourism Training Institute to do their internship in the hotel to develop their skills through application of their knowledge in real world.

## Industry outlook and Future Development

With another wave of Covid-19 spreading fast in Europe, international travels may come down and which may continue till the winter is over. As the international guests are the main source of revenue of the guestrooms, international travel restrictions will affect room business directly. Moreover, restrictions on travels will also affect the holding of international conferences, seminars, etc. adversely.

Although, Omicron, the new variant of Novel Coronavirus is said to be more infectious, we are hopeful that the spread of infection will come under control as more and more population worldwide and in the country are being brought under vaccination. Consequently, restrictions on international travels are expected to relax. Moreover, along with local business, international conferences, seminars, etc. are also expected to rise with the improvement of the situation. There are certain conferences/ exhibitions/seminars of the Government, different organizations, associations, societies which are held each year. Therefore, we are hopeful that with the improvement of situation, business activities will start picking up.

Further, our Government has set the GDP growth target at 7.2%. Growth in GDP will accelerate the economic activities resulting in increase in the overall business activities of the country, which will also have positive impact on the hospitality sector.

Keeping all the above factors in view, we are also formulating our strategies to secure our businesses and position in the market.

## Business Plan

BSL, since its inception, has been in the continuous process of developing the quality of its products and services to



offer best services to its valued customers. Our management strategy is to conduct continuous evaluation of existing products and services, monitor closely the ever-changing requirements of the customers, determining the future demands of customers and analysis of competitors' position to shape up the products and services commensurate with the expectation of the customers. Accordingly, BSL undertakes refurbishment works of the hotel as and when required. Moreover, BSL has built up a professionally competent management team to be able to formulate futuristic strategic plan to cope up with the changing market demand, to implement and to compete best.

### **Risk and Concern**

The Company is aware of its various risks and their impact on the business. The management is obliged to undertake precautionary measures and follow effective risk management processes for mitigation. The Company has an internal audit department which facilitates taking of risk management processes in the organization through monitoring and ensuring that the adequate action plans are in place and implemented to mitigate the risks.

### **Going Concern**

The Board of Directors is of the opinion that the Company has adequate resources and ability to continue its operations. The Board is confident that since the hotel is being operated and managed by an internationally reputed hotel management company, as it has a strong brand, as it is the most latest luxurious hotel of the city with modern and latest amenities, has the skilled manpower having experience in rendering world-class hospitality services to the international guests which include heads of states/governments also, the Company will return strongly to profit making track soon with the improvement of the situation.

### **Acknowledgement**

Finally, I, on behalf of the Board of Directors and myself, would like to thank all the shareholders, the management team, bankers, auditors, tenants, government agencies, suppliers, service providers, customers and all others whom the company interacted in the process of business for their co-operation, understanding and support in the pandemic.

While conclude, I solicit your constructive guidance and co-operation to ensure progress and prosperity of our Company.

Thank you for your patience.

sd/-  
**(Md. Mokammel Hossain)**  
Chairman  
on behalf of the Board of Directors



## Declaration by Managing Director and Chief of Accounts and Finance

BSL-404/2020-671

28 November 2021

The Board of Directors  
Bangladesh Services Limited  
1, Minto Road  
Dhaka-1000

**Subject: Declaration on Financial Statements for the year ended on 30 June 2021.**

Dear Sirs,

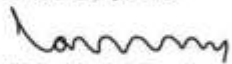
Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Bangladesh Services Limited for the year ended on 30 June 2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended on 30 June 2021 and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

  
(Md. Abdul Quaiyum)  
Managing Director

  
(Nisar Ahmed)  
Chief of Accounts & Finance



## Annexure-A

Board Meetings, Audit Committee meetings and shareholdings of the Company for the year 2020-2021 are mentioned below in compliance with Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/admin-/02-08 dated 20 February 2006, No. SEC/CMRRCD/2006/ 158/134/Admin/44 dated 07 August 2012 and subsequent Notification No. BSEC/CMRRCD/2006- 158/207/Admin/80 dated 03 June 2018.

### Board Meetings

The Board met 7 (seven) times during the year 2020-2021. All Directors are nominated by the Government. Attendance of the Directors in the Board Meetings of the Company is given below. The Company Secretary and Chief of Accounts & Finance were also present in all the meetings.

Name of Directors	Date of Joining	Meetings Attended
Mr. Md. Mohibul Haque	17.04.2018	3
Mr. Md. Mokammel Hossain	12.01.2021	4
Mr. Abu Hena Md. Rahmatul Muneem	30.01.2020	7
Mr. Masud Bin Momen	30.01.2020	6
Mr. Shaikh Yusuf Harun	30.01.2020	6
Mr. K M Ali Azam	01.06.2021	1
Mr. Md. Mustafizur Rahman PAA	31.03.2021	3
Air Vice Marshal M Mafidur Rahman BBP, BSP, BUP, ndu, afwc, psc	08.08.2019	6
Mr. Md. Fazlul Bari	28.06.2020	4
Ms. Mahmuda Khatun	03.03.2021	3
Mr. Md. Abul Monsur	02.01.2019	2
Mr. Ram Chandra Das	23.12.2020	2
Mr. Md. Hannan Mia	15.03.2021	2
Dr. Mallick Anwar Hossain	13.09.2020	6
Mr. Md. Ahsanul Haque Khan	30.01.2020	7
Mr. Ataul Haq	28.12.2019	2
Mr. Md. Abdul Quaiyum	28.06.2020	7

### Audit Committee

The Audit Committee has been formed on 30-09-2007 as per Securities and Exchange Commission's Order. The Audit Committee consists of the following members:

Mr. Abu Hena Md. Rahmatul Muneem, Independent Director	Chairman
Md. Hannan Mia, Director	Member
Mrs. Mahmuda Khatun, Independent Director	Member

During the year 2020-2021, a total of 4 (four) meetings of the Audit Committee were held.

The main task of the Audit Committee is to ensure compliance with various guidelines, procedures and directives issued by Securities and Exchange Commission, Stock Exchange and other regulatory bodies time to time. The Audit Committee is also working as a watchdog in looking after the performance of the company. The Internal Audit department has been created. The Internal Audit Manual and Whistleblowing policy, after review by the Audit Committee, is now under review of a professional firm as per recommendation of the Audit Committee.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) has been formed on 02-08-2018 as per Securities and Exchange Commission's Notification dated 03 June 2018. The NRC consists of the following members:

Mr. Abu Hena Md. Rahmatul Muneem, Independent Director	Chairman
Mr. Md. Mustafizur Rahman PAA, Director	Member
Dr. Mallick Anwar Hossain	Member

The main tasks of the NRC, among others, are to formulate criteria for determining qualifications, positive attributes and independences of a director and recommend policy to the Board relating to the remuneration of the directors, top level executives; devising a policy on Board's diversity and identifying persons who are qualified to become directors and to be appointed as top-level executive positions.

The Remuneration and Compensation policy of the Company has been approved by the Board of Directors of the Company as per recommendation of the NRC. In fact, the Company has a comprehensive Service Rule for its personnel which has been approved by the Board as per recommendation of the NRC. The Service Rule covers recruitment, promotion, remuneration and compensation, retirement benefits, leave, discipline, termination of service, etc. of the personnel. Compensation packages of the employees are reviewed on regular intervals keeping in view the same prevailing in the job market with a view to keeping the employees self-motivated, honest, sincere and dedicated to discharging their own duties and responsibilities.

The Company has a performance appraisal system of the personnel of the Company approved by the Board as per recommendation of the NRC. The performance appraisal is done by evaluating the performances of the individuals against certain pre-set parameters. For each parameter, the personnel are given marks. On the basis of total marks obtained by the personnel, their rankings are determined from 'Below Average' to 'Extra Ordinary'.

During the year under review, major activities of the NRC included recommendation for extension and termination of the contracts of the expatriates, and appointment of expatriate in a senior position of the Hotel for approval of the Board.

During the year 2020-2021, total 5 (five) meetings of the NRC were held.

### Pattern of Shareholdings

Categories of the shareholders along with the shares held by them are listed below:

Sl.	Names of Shareholders	No. of shares held	% of shareholding
i.	Parent/subsidiary/associate/related parties:	Nil	Nil
ii.	Directors/CEO/CS/CFO/Head of Internal Audit and their spouses and minor children	718	Less than 0.01%
iii.	Executives (Head of Functions)	Nil	Nil
iv.	Shareholders, who holds 10% or more	9,74,70,791	99.68%
v.	Other Shareholders, who hold less than 10%	3,17,404	More than 0.31%
	<b>Grand Total</b>	<b>9,77,88,913</b>	<b>100.00%</b>



**Annexure-B**

**REPORT TO THE SHAREHOLDERS OF BANGLADESH SERVICES LIMITED  
ON COMPLIANCE OF  
THE CORPORATE GOVERNANCE CODE**

We have examined the compliance status to the Corporate Governance Code of Bangladesh Services Limited for the year ended 30 June 2021.

This Code relates to the Notification No. BSEC/CMMRRCD/2006-158/207/Admin/80 dated: 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a security and verification and independent audit on compliance of the condition of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretariats of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of the Corporate Governance Code.

We state that we have obtained all the information and explanations which is required and after due security and verification thereof, we report that in our opinion:

- a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above-mentioned Corporate Governance Code issued by the Commission;
- b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- d) The Governance of the company is highly satisfactory.



Fouzia Haque, FCA  
Partner  
**FAMES & R**  
Chartered Accountants



Dated: 07 December, 2021  
Place: Dhaka

**Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80; dated: 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:**

**(Report under Condition No. 9)**

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
<b>1.0</b>	<b>BOARD OF DIRECTORS:</b>			
1.1	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		The Board of Bangladesh Services Limited is comprised of <b>11 (Eleven)</b> Directors.
<b>1.2</b>	<b>Independent Directors:</b>			
1.2(i)	Independent Directors: At least one fifth (1/5) of the total number of Directors in the Company's Board shall be as Independent Directors;	✓		There are three Independent Directors in Bangladesh Services Limited's Board, namely: Mr. Abu Hena Md. Rahmatul Muneem, Ms. Mahmuda Khatun and Dr. Mallick Anwar Hossain
1.2(ii)	For the purpose of this clause "independent director" means a director.	✓		The Independent Directors have declared their compliances.
1.2(ii)a)	Independent Director does not hold any share or holds less than one percent (1%) shares of the total paid-up Capital of the Company;	✓		
1.2(ii)b)	Independent Director or his family members are not connected with the company's any sponsor or Director or Shareholder who holds 1% or more shares;	✓		
1.2(ii)c)	Does not have any other relationship, whether pecuniary or otherwise, with the Company or its Subsidiary or Associated Companies;	✓		
1.2(ii)d)	Independent Director is not a member, Director or Officer of any Stock Exchange;	✓		
1.2(ii) e)	Independent Director is not a shareholder, Director or officer of any member of Stock Exchange or an intermediary of the Capital Market;	✓		
1.2 (ii) f)	Independent Director is not a partner or an executive or an executive during the preceding 3 (three) years of any Statutory Audit Firm ;	✓		
1.2 (ii) g)	Independent Director is not Independent Director in more than 3 (Three) Listed Companies;	✓		
1.2 (ii) h)	Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a Bank or a Non-Bank Financial Institution (NBFi);	✓		
1.2 (ii)i)	Independent Director has not been convicted for a criminal offence involving moral turpitude;	✓		
1.2 (iii)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		



1.2 (iv)	The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days;	√		There has been no vacancy in the position of Independent Directors.
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		Every director has signed a confirmation as to its compliance.
1(2)(vi)	The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	√		
<b>1.3</b>	<b>Qualification of Independent Director (ID):</b>			
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√		The qualification and background of Independent Directors justify their ability as such.
1.3 (ii)	Independent Director should be a Business Leader/Bureaucrat/University teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Chartered Secretaries. The independent Director must have at least 12(twelve) years of corporate management/professional experiences.	√		Existing Independent Directors are Bureaucrats having more than 12 (twelve) years of experience.
1.3 (iii)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	—		No such incidents
<b>1.4</b>	<b>Chairman of the Board or Chief Executive Officer</b>			
1.4(i)	Chairman and Chief Executive Officer (CEO) of the Company shall be filled by different individuals. The Chairman of the Board shall be elected from among the Directors;The Board of directors shall clearly define respective roles and responsibilities of the Chairman and the CEO	√		Chairman of the Board and CEO are different individuals.The roles and responsibilities of Chairman and the CEO are approved in Board meeting.
<b>1.5</b>	<b>The Directors' Report to Shareholders:</b>			
1.5(i)	An Industry outlook and possible future developments in the industry.	√		The Directors report complies with the guidelines.
1.5(ii)	Segment-wise or product-wise performance.	√		
1.5 (iii)	Risks and concerns.	√		
1.5 (iv)	A discussion on Cost of Goods sold, Gross profit Margin and Net Profit Margin;	√		
1.5 (v)	A discussion on continuity of any extraordinary gain or loss.	√		No such incidents
1.5(vi)	Basis for related party transactions along with a statement all of related party transactions should be disclosed in the annual report.	√		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or any other instruments;	√		No such incidents
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering(RPO), Rights Share Offer, Direct Listing, etc.	√		No such incidents
1.5(ix)	If significant variance occurs between Quarterly Financial performances and Annual Financial Statements the management shall explain about the variance on their Annual Report.	√		No such incidents

1.5 (x)	Remuneration to the Directors including Independent Directors.	√		
1.5 (xi)	The financial statements prepared by the management of the Issuer Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	√		
1.5 (xii)	Proper books of account of the Issuer Company have been maintained.	√		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		
1.5 (xiv)	International Accounting Statement (IAS)/ Bangladesh Accounting Statement (BAS)/ International Financial Reporting standard (IFRS)/ Bangladesh Financial Reporting standard (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5(xvi)	There are no significant doubts upon the issuer Company's ability to continue as a going concern, if the issuer Company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	√		
1.5 (xvii)	Significant deviations from the last year's operating results of the Issuer Company shall be highlighted and the reasons thereof should be explained.	√		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (Five) years shall be summarized.	√		
1.5 (xix)	Reasons for non- declaration of dividend.	√		Due to loss incurred by the Company in the year, Board of Directors of the Company did not propose any Dividend for the current year which has been disclosed in the report.
1.5 (xx)	The number of Board Meetings held during the year and attendance by each Director shall be disclosed;	√		Attached in the <b>Annexure</b> along with Statement in the Annual Report.
1.5 (xxi)	<b>A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:</b>			
1.5 (xxi) (a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		Disclosed in Pattern of shareholdings in the Annual Report.
1.5 (xxi) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1.5 (xxi) (c)	Executives;	√		
1.5 (xxi) (d)	Shareholders holding ten percent (10%) or more voting interest in the Company (name-wise details);	√		



1.5 (xxii)	In case of the appointment or re-appointment of a Director, a disclosure on the following information to the Shareholders: a) a brief resume of the Director; b) nature of his/her expertise in specific functional areas; c) names of Companies in which the person also holds the Directorship and the Memberships of Committees of the Board.	√		
2.0	<b>CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC) AND COMPANY SECRETARY (CS):</b>			
2.1	Company shall appoint a, Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Director should clearly define respective roles, responsibilities and duties of CEO, the Head of Internal Audit and the CS.	√		The Company has appointed CFO, CS and Head of Internal Audit & Compliance. There are clearly defined roles, responsibilities and duties which have been approved by Board as per requirement of BSEC notification.
2.2	Attendance of CFO and the Company Secretary in the Board Meeting.	√		
3.0	<b>AUDIT COMMITTEE:</b>			
3 (i)	The Company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		
3 (ii)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business;	√		
3 (iii)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1	<b>Constitution of the Audit Committee:</b>			
3.1 (i)	The Audit Committee shall be composed of at least 3 (Three) members;	√		The Audit Committee is composed of 3(Three) members.
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be non-executive directors of the Company excepting Chairperson of the Board and shall include at least 1 (one) Independent Director;	√		The members of the Audit Committee are appointed by the Board who are Directors and which includes 2 (Two) Independent Directors.
3.1 (iii)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background; the term "financially literate" means the ability to read and understand the financial statements i.e. Balance Sheet, Income Statement and Cash Flow Statement and a person will be considered to have accounting or related financial management expertise if (s) he possesses professional qualification or Accounting / Finance Graduate with at least 12 (twelve) years of corporate management / professional Experiences.	√		Based on the academic qualification and professional experiences, the Board reviewed and considered that all the existing members of the Audit Committee are "Financially Literate" and they have "Related Financial Management experience" as per BSEC notification.

3.1 (iv)	Casual vacancy in Audit Committee shall be filled by the Board.	√		The Board appointed Audit Committee member in due time.
3.1 (v)	The Company Secretary shall act as the Secretary of the Audit Committee;	√		
3.1 (vi)	The quorum of Audit Committee meeting shall not constitute without at least 1 (One) Independent Director.	√		
<b>3.2</b>	<b>Chairman of the Audit Committee:</b>			
3.2 (i)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent Director;	√		
3.2 (ii)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	√		
<b>3.3</b>	<b>Role of Audit Committee</b>			
3.3 (i)	Role of Audit Committee: Oversee the financial reporting process.	√		
3.3 (ii)	Monitor choice of accounting policies and principles.	√		
3.3 (iii)	Monitor Internal Control Risk Management Process.	√		
3.3 (iv)	Oversee hiring and performance of external auditors.	√		
3.3 (v)	Review along with the management, the Annual Financial Statements before submission to the Board for approval;	√		
3.3 (vi)	Review along with the management, the quarterly and half yearly Financial Statements before submission to the Board for approval;	√		
3.3 (vii)	Review the adequacy of internal audit function;	√		
3.3 (viii)	Review statement of significant related party transactions submitted by the management;	√		
3.3 (ix)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
3.3 (x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/ Rights issue the company shall disclose to the audit committee above the uses / applications of funds by major category (Capital Expenditure, sales and marketing Expenses, working capital etc.), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes stated other than those stated in the offer documents / prospectus.	√		No such incidents
<b>3.4</b>	<b>Reporting of the Audit Committee</b>			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board.	√		In Practice
3.4.1 (ii) a)	Report on conflicts of interests to the Board Directors.	√		There was no reportable case of conflict of interest.
3.4.1 (ii) b)	Will report any suspected or presumed fraud or irregularity or material defect identified in the internal control system to the Board;	√		There was no such case in the year.



3.4.1 (ii) c)	Will report any suspected infringement of laws, regulatory compliance including securities related laws, rules and regulation to the Board.	√		No such incident
3.4.1 (ii) d)	Will report any other matter which shall be disclosed to the Board of Directors immediately;	√		
3.4.2	Reporting to the Authorities: If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	√		
3.5	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 3.4.1 (ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the Annual Report of the issuer Company.	√		The Audit Committee report is disclosed in the Annual Report and signed by the Chairman of the Audit Committee.
<b>4.0</b>	<b>EXTERNAL/STATUTORY AUDITORS:</b>			
4(i)	Non-engagement of external/statutory auditors in appraisal or valuation services or fairness opinions;	√		
4(ii)	Non-engagement of external/statutory auditors in Financial information systems design and implementation;	√		
4(iii)	Non-engagement of external/statutory auditors in Book-keeping or other services related to the accounting records or Financial Statements;	√		
4(iv)	Non-engagement of external/statutory auditors in Broker-dealer services;	√		
4 (v)	Non-engagement of external/statutory auditors in Actuarial services;	√		
4(vi)	Non-engagement of external/statutory auditors in Internal audit services or special audit services;	√		
4(vii)	Non-engagement of external/statutory auditors in any service that the Audit Committee determines;	√		
4(viii)	Audit/certification services on compliance of Corporate Governance as required under condition No. 9(1).	√		
4(ix)	Any other service that creates conflict of interest	√		
4 (2)	No partner or employees of the External or Statutory Auditors audit firms shall possess any share of the Company they audit at least during the tenure of their audit assignment of that Company; his or her family members also shall not hold any share in the said Company.	√		
4(3)	Representative of external or statutory auditors shall remain present in the Shareholder' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders	√		

<b>5.0</b>	<b>SUBSIDIARY COMPANY:</b>			
5(i)	Provisions relating to the composition to the Board of Directors of the holding company shall be maid applicable to the composition of the Board of Directors of the subsidiary company.	Not applicable		Bangladesh Services Limited does not have any subsidiary company
5(ii)	At least 1 (one) Independent Director on the Board of the holding Company shall be a Director on the Board of the Subsidiary Company;	Not applicable		Do
5(iii)	The minutes of the Board Meeting of the Subsidiary Company shall be placed for review at the following Board meeting of the Holding Company;	Not applicable		Do
5(iv)	The minutes of the respective Board meeting of the holding Company shall state that they have reviewed the affairs of the Subsidiary Company also;	Not applicable		Do
5(v)	The Audit Committee of the Holding Company shall also review the Financial Statements in particular the investments made by the Subsidiary Company.	Not applicable		Do
<b>6.</b>	<b>NOMINATION AND REMUNERATION COMMITTEE (NRC).</b>			
6(1)	<b>Responsibility to the Board of Directors:</b>			
6(1)(a)	The Company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	√		The Nomination and Remuneration Committee is composed of 3 (Three) members.
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		
<b>6(2)</b>	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an Independent Director;	√		Two members of the Committee are Independent Directors.
6(2)(b)	All members of the Committee shall be non-executive directors;	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2)(d)	The Board shall have authority to remove and appoint any member of the committee;	√		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any another cases of vacancies the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	√		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	—		No such requirement has arisen in the year under review.



6(2)(g)	The Company Secretary shall act as the Secretary of the Committee.	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the Company.	√		
<b>6(3)</b>	<b>Chairperson of the NRC:</b>			
6(3)(a)	The Board shall select 1 (One) member of the NRC to be Chairperson of the Committee, who shall be an Independent Director;	√		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	√		
6(3)(c)	The Chairperson of the NRC shall attend the Annual General Meeting (AGM) to answer the queries of the shareholders.	√		
<b>6(4)</b>	<b>Meeting of the NRC:</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC, may convene any emergency meeting upon request by any member of the NRC;	√		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an Independent Director is must as required under condition No. 6(2)(h);	√		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
<b>6(5)</b>	<b>Role of NRC:</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	√		
6(5)(b)(i)	Formulating the criteria for determining qualification, positive attributes and independence of a Directors and recommend a policy to the Board, relating to the remuneration of the Directors, top level executives considering the following:	√		
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the Company successfully;	√		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	√		

6(5)(b)(i)(c)	The remuneration to Directors, top level executive involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to working of the Company and its goals;	√		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
6(5)(b)(iii)	Identifying persons who are qualified to become Directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of Independent Directors and the Board;	√		
6(5)(b)(v)	Identifying Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	√		
6(5)(b)(vi)	Developing, recommending and reviewing annually the Company's human resources and training policies;	√		
6(5)(c)	The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its Annual Report;	√		
<b>7.0</b>	<b>DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCE OFFICER (CFO):</b>			
7(i)(a)	The CEO and CFO will certify to the Board that they have reviewed Financial Statements and believe that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		CEO and CFO certified to the Board during finalization of Financial Statement which is stated in the "Directors' declaration as to financial statements in the Directors' Report."
7(i)(b)	The CEO and CFO will certify to the Board that they have reviewed Financial Statements and believe that these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws;	√		Do
7(ii)	There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct.	√		Do
<b>8.</b>	<b>MAINTAINING A WEBSITE BY THE COMPANY:</b>			
8.1	The Company shall have an official website linked with website of the stock exchange.	√		
8.2	The company shall keep the website functional from the date of listing	√		
8.3	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange.	√		



9.	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:</b>			
9.1	The company shall obtain a certificate from practicing Professional Accountant or Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in Annual Report.	√		Required Certification has been obtained from FAMES & R Chartered Accountants for the year ended on 30 <sup>th</sup> June, 2021 which is published in Annual Report.
9.2	The Professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		Status of compliance is published with the Directors report as required.
9.3	The directors of the Company shall state, in accordance with the <b>Annexure-C</b> attached, in the directors' report whether the company has complied with these conditions or not.	√		





# Auditors' Report and Financial Statements FOR THE YEAR ENDED 30 JUNE 2021



# **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BANGLADESH SERVICES LIMITED**

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of Bangladesh Services Limited (the Company), which comprise the statement of financial position (balance sheet) as at 30 June 2021, and the statement of profit or loss and other comprehensive income (profit and loss statement), statement of changes in equity and statement of cash flows for the year ended 30 June 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### **Basis for opinion**

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 of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and Bangladesh Securities and Exchange Commission (BSEC), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to note 1.8 to the financial statements which indicates that the Company incurred a net loss 1,806,546,459 of BDT for the year ended 30 June 2021 (2020: BDT 462,945,195). Moreover, the Company's current liabilities exceeded its current assets by BDT 1,601,597,313 as at 30 June 2021 (2020: BDT 1,435,289,377). As stated in note 1.8, these events or conditions, along with other matters as set forth in note 1.8 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

### **Emphasis of matter**

(i) We draw attention to note 32 to the financial statements where management explains the circumstances of various contingencies and additional claims of value added tax (VAT) and supplementary duty from Large Taxpayers Unit (VAT) and additional tax demand from income tax assessing authority, the uncertainties of getting judgment in favour of the Company and management's position on the same.

(ii) The Company operates a gratuity scheme which is a defined benefit plan, covering all its eligible permanent employees. Provision is made on the basis of period of employment and latest basic pay to cover obligation under the scheme in respect of the employees who meet eligibility requirements. This fund has to be separately funded and approved by the National Board of Revenue (NBR) under the First Schedule, Part C of the Income Tax Ordinance 1984 (ITO) to get tax exemption under para 20, Part A of the Sixth Schedule. The gratuity scheme operated by the Company has been duly approved from NBR but not yet separately funded at the year end.

Our opinion is not modified with respect to matters as stated above.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

### **Revenue recognition**

At the year end, the Company reported total revenue of BDT 498.29 million from food and beverage, rental and others



and related activities. The application of revenue recognition involves a number of key judgments and estimates, including those applied on revenue arrangements with multiple elements.

Due to the estimates and judgment involved in the application of the revenue recognition there presumably a risk of revenue being misstated.

The Company's accounting policies relating to revenue recognition are presented in note 2.11 to the financial statements. See note 21 to the financial statements.

Our audit approach included a combination of controls testing, data analytics and substantive procedures covering the following:

- understanding of the significant revenue processes including performance of an end to end walk through of the revenue assurance process and identifying the relevant controls including IT systems, interfaces and reports;
- testing of the design and operating effectiveness of the relevant controls;
- reviewing of significant new contracts and regulatory determinations, the accounting treatments opted and testing the related revenues recognised during the period;
- performing of data analysis and analytical reviews of significant revenue streams;
- performing of specific procedures to test the accuracy and completeness of adjustments relating to multiple element arrangements and grossing up certain revenue and costs; and
- performing of procedures to ensure that the revenue recognition criteria adopted by each business unit for all major revenue streams are appropriate and in line with the Company's accounting policies.

#### Defined benefits plan

"The Company operates a funded gratuity scheme under which an employee is entitled to the benefits depending on the length of services and last drawn basic salary. This results in the Company having a constructive obligation to pay the benefit. Consequently, the Company is required to recognise the liability related to such benefits. At the year end, the Company reported a net funded gratuity liability of BDT 178.32 million.

Methodologies applied in the calculation of the benefits payable to members are disclosed in notes 2.5 and 20 to the financial statements which include liability for gratuity provision. Therefore, defined benefits payable provision is considered as a key audit matter.

Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, their defined benefit plan included the following:

•obtaining sufficient audit evidence to conclude that the inputs and methodologies used to determine the liability for defined benefit plan;

- assessing the design and operating effectiveness of the Company's key controls supporting the identification, measurement and oversight of valuation of the defined benefits payable provision;
- examining the basis on which gratuity is payable to the employee and is worked out the liability for gratuity on the presumption that all employees retire on the balance sheet date;
- ensuring that the basis of computing gratuity is valid; verify the computation of liability on aggregate basis;
- checking the amount of gratuity paid to employees who retired during the year with reference to the number of years of service rendered by them;
- testing the employees data used in calculating obligation, assessing the appropriateness and presentation of disclosures against IAS 19 "Employee Benefits".

#### Measurement of deferred tax

The Company has a deferred tax liability in respect of taxable temporary difference for capital allowance and deductible timing differences for gratuity resulting in net deferred tax liabilities.

The Company reports net deferred tax liabilities totalling to BDT 235.14 million as at 30 June 2021. Significant judgment is required in relation to deferred tax assets and liabilities as their settlement is dependent on various factors as detailed



in notes 2.7 and 14 to the financial statements.

Our audit approach included a combination of controls testing, data analytics and substantive procedures covering the following:

- obtaining an understanding, evaluating the design and testing the operational effectiveness of the Company's key controls over the recognition and measurement of deferred tax assets and liabilities;
- assessing the completeness and accuracy of the data used for the estimations of future taxable income;
- evaluating the reasonableness of key assumptions, timing of reversal of temporary differences and expiration of tax loss carried forward, recognition and measurement of deferred tax assets and liabilities;
- assessing the adequacy of the Company's disclosures setting out the basis of deferred tax assets and liabilities balances and the level of estimation involved;
- evaluating the tax implications, the reasonableness of estimates and calculations determined by management;
- assessing the appropriateness and presentation of disclosures under IAS 12 "Income Taxes".

### **Fees and charges payable to the operator**

Management Agreement between Bangladesh Services Limited and InterContinental Hotels Group (Asia Pacific) Pte Ltd defines terms and conditions for operation of the Hotel. It also defines and interprets accounting matters, adjusted gross operating profit, capital replacements, owner's cost and operator's fees, etc.

The Company reports incentive management fee, system fund contributions and other fees as operator's fees and insurance expenses as owner's cost.

Our audit approach included a combination of controls testing, data analytics and substantive procedures covering the following:

- assessing the accuracy of the data used for adjusted gross operating profit, incentive management fee, system fund contribution, other fees and operator's fees and insurance expenses;
- ensuring that the basis of computing incentive management fee, system fund contribution, other fees and operator's fees and insurance expenses;
- checking completeness, proper classification, financial reporting presentation and disclosure of incentive management fee, system fund contribution, other fees and operator's fees and insurance expenses.

### **Legal and regulatory matters**

We focused on this area because the Company operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.

These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established as other contingent liabilities.

Overall, the legal provision represents the Company's best estimate for existing legal matters that have a probable and estimable impact on the Company's financial position.

Our audit approach to address the matter included the following:

- obtaining an understanding, evaluating the design and testing the operational effectiveness of the Company's key controls over the legal provision and contingencies process;
- enquiring to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters;
- enquiring of the Company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports;
- assessing the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information;
- assessing the Company's provisions and contingent liabilities disclosures.



### **IT systems and controls**

Our audit procedure have a focus on IT systems and controls due to pervasive nature and complexity of IT environment, the large volume of transactions processed daily and the reliance on automated and IT dependent manual controls.

Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.

The audit approach we have followed included the following:

- testing the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting;
- testing IT general control (logical access, changes management and aspects of IT operational controls). This includes testing that requests for excess to systems were appropriately reviewed and authorised;
- testing the Company's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorisation;
- considering the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.

### **Other Information**

Management is responsible for the other information. The other information comprises all of the information in the annual report other than 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 conclusive thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations and for such internal control as management determines in necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,



intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

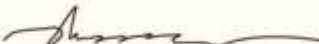
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss statement) dealt with by the report are in agreement with the books of account; and
- d) the expenditures incurred was for the purposes of the Company's business.

Auditor's Signature :   
Name of Engagement Partner : Md. Moktar Hossain, FCA, Senior Partner  
Enrollment No. : 728  
Firm's Name : S. F. AHMED & CO., Chartered Accountants  
Firm's Reg. No. : 10898 E.P. under Partnership Act 1932  
**Document Verification Code (DVC) : 2111290728AS923223**  
Dated, 29 November 2021



# BANGLADESH SERVICES LIMITED

## Statement of Financial Position (Balance Sheet)

AS AT 30 JUNE 2021


	Notes	30 June 2021 BDT	30 June 2020 BDT
<b>Assets</b>			
<b>Non-current assets</b>			
		<b>9,029,045,955</b>	<b>9,682,452,011</b>
Property, plant and equipment	3	8,869,045,955	4,424,424,444
Capital works-in-progress	4	-	5,098,027,567
Guarantee deposit	5	160,000,000	160,000,000
<b>Current assets</b>			
		<b>1,507,278,939</b>	<b>1,597,702,929</b>
Inventories - spares and general stores	6	14,800,220	4,803,308
Inventories - food and beverage	7	56,145,171	67,438,015
Accounts receivable	8	294,647,237	386,236,050
Other receivables	9	17,037,256	32,234,313
Advances, deposits and prepayments	10	332,364,188	240,525,797
Cash and cash equivalents	11	792,284,868	866,465,446
<b>Total assets</b>		<b>10,536,324,894</b>	<b>11,280,154,939</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
		<b>(2,467,855,878)</b>	<b>(661,309,418)</b>
Share capital	12	977,889,130	977,889,130
General reserve		60,000,000	60,000,000
Reserve for replacements, substitutions and additions to furniture and equipment	13	162,213,126	152,868,726
Retained earnings/(accumulated losses)		(3,667,958,133)	(1,852,067,274)
<b>Non-current liabilities</b>			
		<b>9,895,304,520</b>	<b>8,969,765,541</b>
Deferred tax liability	14	235,148,167	92,421,596
Long term secured loan	15	8,895,086,220	8,112,273,813
Deferred customs tariff	16	765,070,133	765,070,133
<b>Current liabilities</b>			
		<b>3,108,876,252</b>	<b>2,971,698,816</b>
Accounts payable	17	2,543,726,475	2,480,909,532
Advance rent, security deposits and earnest money	18	176,368,225	286,613,454
Unpaid dividend		307,688	307,688
Provision for taxation	19	21,762,852	39,410,224
Provision for supplementary duty		188,390,998	-
Liability for gratuity	20	178,320,014	164,457,918
<b>Total equity and liabilities</b>		<b>10,536,324,894</b>	<b>11,280,154,939</b>

These financial statements should be read in conjunction with annexed notes

For and on behalf of Board of Directors of Bangladesh Services Limited

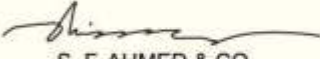
  
Md. Abdul Quaiyum  
Managing Director

  
Md. Ahsanul Haque Khan  
Director

  
Nisar Ahmed  
Chief of Accounts & Finance

See annexed report of the date

Dhaka, Bangladesh  
Dated, 29 November 2021

  
S. F. AHMED & CO.  
Chartered Accountants  
DVC: 2111290728AS923223

**BANGLADESH SERVICES LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	30 June 2021 BDT	30 June 2020 BDT
<b>Revenue</b>	21	498,296,066	978,831,861
Operating cost	22	(323,844,049)	(503,539,975)
<b>Gross profit</b>		<b>174,452,018</b>	<b>475,291,886</b>
Hotel administrative and other expenses	23	(237,666,699)	(366,101,537)
BSL administrative and other expenses	24	(1,604,374,739)	(618,028,681)
		(1,842,041,439)	(984,130,218)
<b>Profit/(loss) from operations</b>		<b>(1,667,589,421)</b>	<b>(508,838,332)</b>
Other income	25	43,822,363	48,167,536
Rental income from BSL office complex	26	30,763,982	48,806,296
Income/(loss) from BICC	27	(88,464,185)	47,556,699
<b>Profit/(loss) before tax</b>		<b>(1,681,467,261)</b>	<b>(364,307,801)</b>
Income tax expense			
Current tax	19	(17,647,373)	20,437,494
Deferred tax	14	142,726,571	78,199,899
		125,079,199	98,637,393
<b>Profit/(loss) for the year</b>		<b>(1,806,546,459)</b>	<b>(462,945,195)</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>(1,806,546,459)</b>	<b>(462,945,195)</b>
<b>Earnings per share (EPS)</b>	35	<b>(18.47)</b>	<b>(4.73)</b>

These financial statements should be read in conjunction with annexed notes

For and on behalf of Board of Directors of Bangladesh Services Limited



Md. Abdul Quaiyum  
Managing Director



Md. Ahsanul Haque Khan  
Director



Nisar Ahmed  
Chief of Accounts & Finance

See annexed report of the date

Dhaka, Bangladesh  
Dated, 29 November 2021



S. F. AHMED & CO.  
Chartered Accountants  
DVC: 2111290728AS923223



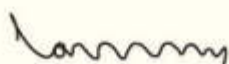
## BANGLADESH SERVICES LIMITED

### STATEMENT OF CHANGES IN EQUITY


FOR THE YEAR ENDED 30 JUNE 2021

Particulars	Share capital BDT	General reserve BDT	Reserve for replacements BDT	Retained earnings/ (accumulated losses) BDT	Total BDT
<b>Balance at 01 July 2020</b>	<b>977,889,130</b>	<b>60,000,000</b>	<b>152,868,726</b>	<b>(1,852,067,274)</b>	<b>(661,309,418)</b>
Total comprehensive income/(loss) for the year	-	-	-	(1,806,546,459)	(1,806,546,459)
Charge for replacement reserve	-	-	9,344,400	(9,344,400)	-
<b>Balance at 30 June 2021</b>	<b>977,889,130</b>	<b>60,000,000</b>	<b>162,213,126</b>	<b>(3,667,958,133)</b>	<b>(2,467,855,878)</b>
<b>Balance at 01 July 2019</b>	<b>977,889,130</b>	<b>60,000,000</b>	<b>141,419,911</b>	<b>(1,377,673,265)</b>	<b>(198,364,224)</b>
Total comprehensive income/(loss) for the year	-	-	-	(462,945,195)	(462,945,195)
Charge for replacement reserve	-	-	11,448,814	(11,448,814)	-
<b>Balance at 30 June 2020</b>	<b>977,889,130</b>	<b>60,000,000</b>	<b>152,868,726</b>	<b>(1,852,067,274)</b>	<b>(661,309,418)</b>

For and on behalf of Board of Directors of Bangladesh Services Limited

  
Md. Abdul Quaiyum  
Managing Director

  
Md. Ahsanul Haque Khan  
Director

  
Nisar Ahmed  
Chief of Accounts & Finance

Dhaka, Bangladesh  
Dated, 29 November 2021

## BANGLADESH SERVICES LIMITED

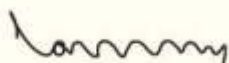
### STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021


	30 June 2021 BDT	30 June 2020 BDT
<b>A. Cash flows from operating activities</b>		
Cash receipts from customers	630,156,398	1,389,999,405
Cash paid to suppliers, employees and administrative purpose	(1,614,737,552)	(1,359,285,605)
	(984,581,153)	30,713,800
Cash received from tenants	61,884,206	56,610,524
Cash received from other income	(24,938,445)	(481,285)
Bank interest receipt	35,778,323	38,227,770
	72,724,083	94,357,010
	(911,857,070)	125,070,810
Income tax paid	(26,441,805)	(28,299,473)
Gratuity paid	-	(1,316,631)
<b>Net cash from/(used in) operating activities</b>	<b>(938,298,875)</b>	<b>95,454,706</b>
<b>B. Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(5,016,721,681)	(4,163,425,734)
Capital works-in-progress	5,098,027,567	3,255,675,017
<b>Net cash from/(used in) investing activities</b>	<b>81,305,886</b>	<b>(907,750,717)</b>
<b>C. Cash flows from financing activities</b>		
Borrowings from bank	782,812,412	854,066,467
<b>Net cash from/(used in) financing activities</b>	<b>782,812,412</b>	<b>854,066,467</b>
<b>D. Net changes in cash and cash equivalents (A+B+C)</b>	<b>(74,180,578)</b>	<b>41,770,456</b>
<b>E. Opening cash and cash equivalents</b>	<b>866,465,446</b>	<b>824,694,990</b>
<b>F. Closing cash and cash equivalents (D+E)</b>	<b>792,284,868</b>	<b>866,465,446</b>
Closing cash and cash equivalents have been arrived at as follows:		
Bank balance	787,658,108	861,538,686
Cash in hand	4,626,760	4,926,760
	<b>792,284,868</b>	<b>866,465,446</b>

These financial statements should be read in conjunction with annexed notes

For and on behalf of Board of Directors of Bangladesh Services Limited

  
Md. Abdul Quaiyum  
Managing Director

  
Md. Ahsanul Haque Khan  
Director

  
Nisar Ahmed  
Chief of Accounts & Finance

See annexed report of the date

Dhaka, Bangladesh  
Dated, 29 November 2021



# BANGLADESH SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE 2021

### 1. Reporting entity and basis of preparation

#### 1.1 Company profile

Bangladesh Services Limited (BSL or the Company) is a public company, limited by shares. The shares of the Company are listed with Dhaka Stock Exchange Ltd. The registered office of the Company is situated at 1 Minto Road, Ramna, Dhaka 1000.

#### 1.2 Nature of the business

The principal activities of the Company is to perform the business of a hotel and all related activities thereto. Upon expiry of the management contract between Starwood Hotels and Resorts Asia Pacific Pte Ltd and Bangladesh Services Limited on 30 April 2011 for operation and management of its hotel in the name of Dhaka Sheraton Hotel, the Company had taken over management of its hotel operation and operated the hotel in the name of "Ruposhi Bangla Hotel" until closure of the hotel from 1 September 2014 for renovation. In the meantime, prior to closure of the hotel, the Company had signed a management agreement with InterContinental Hotels Group (Asia Pacific) Pte Ltd (IHG) on 19 February 2012 for operation and management of its hotel. As per the management agreement, the hotel has undergone an extensive renovation to achieve the brand standard of IHG, for which, the hotel's operation had been closed from 1 September 2014. After completion of the renovation, the hotel has been rebranded as "InterContinental Dhaka" on 13 September 2018 and started commercial operation from 1 December, 2018. The Company's 'Balaka Lounge' at Hazrat Shahjalal International Airport, Dhaka is also managed and operated by IHG. The Company has an office complex adjacent to its hotel which has been rented out to different tenants. The Company has been managing, maintaining and operating Bangabandhu International Conference Centre (BICC) since 01 July 2012 under a lease contract with Public Works Department signed on 17 June 2012.

#### 1.3 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 as well as the provisions of and other laws and regulations. The title and format of these financial statements follow the requirements of IFRSs which are to some extent different to the requirements of the Companies Act, 1994. However, such differences are not considered material.

#### 1.4 Date of authorisation

The financial statements were authorised for issue by the Board of Directors on 28 November 2021.

#### 1.5 Reporting period

The current financial period of the Company covers one year from 1 July 2020 to 30 June 2021 with the corresponding period 1 July 2019 to 30 June 2020.

#### 1.6 Functional and presentation currency

The financial statements are prepared in Bangladesh Taka (BDT/Tk), which is both functional and presentation currency of the Company. All financial information presented in Taka have been rounded off to the nearest integer, unless otherwise indicated.

#### 1.7 Basis of measurement

The financial statements have been prepared under the historical cost convention.



## 1.8 Going concern

These financial statements are prepared under going concern basis notwithstanding the fact that as at 30 June 2021 the Company's current liabilities exceeded its current assets by BDT 1,601,597,313 (2020: BDT 1,435,289,377). The Company has incurred a net loss of BDT 1,806,546,459 for the year ended 30 June 2021 (2020: BDT 462,945,195) due to COVID 19 which has impacted the hospitality industries like ours, the company could not be achieved its target revenue as planned. Moreover the Company has transferred BDT 5,015,878,558 of Capital work-in-progress to property, plant and equipment after considering the substance over form of the said item. The Board and management of the Company are closely reviewing matters and determined that the Company has adequate resources to continue its operations for the foreseeable future. Accordingly, these financial statements have been prepared on going concern basis.

## 1.9 Use of estimates and judgement

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRSs) requires management to make judgments, estimates and assumptions that affect the applicable accounting policies and the reported amounts of assets, liabilities, income and expenses, and disclosure requirements for contingent assets and liabilities during and at the date of the financial statements. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimate is revised in any future years affected as required by IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

In particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that has the most significant effect on the amount recognised in the financial statements are carrying value of property, plant and equipment, valuation of receivables, income tax provision (both current and deferred tax) and other provisions and accruals.

## 1.10 Statement of cash flows

Statement of cash flows has been prepared as per IAS 7: Statement of Cash Flows using Direct Method as per the requirement of Securities and Exchange Rules, 1987.

## 1.11 Events after reporting period

Events after reporting period that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

## 2. Significant accounting policies

### 2.1 Property, plant and equipment

#### Initial recognition and measurement

Items of property, plant and equipment have been measured at cost less accumulated depreciation and accumulated impairment losses, if any, as per IAS 16: Property, Plant and Equipment. Cost includes expenditures that are directly attributable to the acquisition of the assets and any other cost directly attributable to bringing the asset to usable condition for its intended use.

#### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day to day servicing of property, plant and equipment are expensed when incurred.

#### Assets under construction/capital work in progress

Assets under construction/capital works-in-progress represent the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use at reporting date and awaiting



for work completion certificate and these are stated at cost. Borrowing costs associated directly with financing of construction costs are capitalised as per IAS 23.

#### **Impairment**

The carrying value of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amounts are estimated.

#### **Depreciation**

Depreciation is charged on property, plant and equipment following straight-line method at the rates as stated below except on leasehold land which is amortised at the rate of BDT 60,908 per annum which will be fully amortised within lease period:

<b>Category of asset</b>	<b>Rate (%)</b>
Building on leasehold land	2.50
Other operating property, plant and equipment	10

### **2.2 Inventories**

Inventories are valued at lower of cost and net realisable value. Cost is determined following average cost method in all cases other than engineering stores, which are valued at first-in, first-out (FIFO) method. In respect of engineering stores, items having unit cost up to BDT 250, expecting electric bulbs, which are directly charged as consumption.

### **2.3 IFRS 16: Lease**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability.

Leases that are not finance lease are considered as operating leases and the leased assets are not recognised in the Company's statement of financial position for operating lease not more than one year period. Payments made under this lease are recognised in profit or loss. Whereas operating lease for more than one year period, Company measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. As a consequence, a lease recognises depreciation of the right-of-use asset and interest on lease liability. The depreciation would usually be on a straight-line basis with the period of lease term or the life of underlying asset.

Currently the Company does not have any kind of lease.

### **2.4 Advances, deposits and prepayments**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses. Deposits are measured at payment value without any adjustment for time value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit or loss on accrual basis.

### **2.5 Employee benefits**

The Company maintains both defined benefit obligation (gratuity fund for eligible permanent employees) and a defined contribution plan (provident fund).

#### **Defined benefit obligation (gratuity)**

The Company operates a gratuity scheme, covering all its eligible permanent employees other than



expatriates. Provision is made annually on the basis of period of employment and latest basic pay to cover obligation under the scheme in respect of the employees who meet eligibility requirement. This fund has to be separately funded and approved by National Board of Revenue under the First Schedule, Part C of Income Tax Ordinance 1984 (ITO) to get tax exemption under para 20 of the Sixth Schedule, Part A of ITO 1984.

#### **Defined contribution plan (provident fund)**

The Company also operates a contributory provident fund for its permanent employees in the name of Bangladesh Services Limited Employees' Provident Fund. The provident fund is administrated by a board of trustees. The contributions are invested separately from the company's assets.

### **2.6 Foreign currency transactions**

Foreign currency transactions are translated into BDT at the rate prevailing on the dates of transactions. Year end balances of monetary items are translated at the rate prevailing on the balance sheet date. Exchange differences are taken to the profit and loss statement.

### **2.7 Taxation**

#### **Current tax**

Provision for corporate income tax is made following income tax laws. The applicable rate of income tax for the Company is 22.5% of taxable profit as the Company is a publicly-traded company. A provision has been made for tax liability as per the Finance Act 2021. Tax assessments of the Company have been finalised up to the assessment year 1999-2000. Assessment for the years 2000-2001 and 2001-2002 have been completed at the first level of assessment where additional amounts of BDT 9,544,689 and BDT 10,507,313 respectively were claimed which the Company initially disputed. In respect of the assessment years 2000-2001 and 2001-2002, the Company has filed an appeal with the Hon'ble High Court Division of the Supreme Court. However, as these appeals have been dismissed by the Appellate Division of Supreme Court the Company has made required provision for these disputed tax claims in current year. Assessments for the assessment years 2003-2004; 2005-2006 and 2006-2007 have been completed. Moreover an additional claim for the assessment years 2007-2008 and 2008-2009 amounting to BDT 5,954,210 and BDT 9,340,009 respectively have been claimed by the assessing officer against which the Company made appeals to relevant appeal authority which are still pending. No provision has been made in the accounts for the additional amount claimed by the tax authority as the Company has reasonable grounds to believe its appeal against such unjust additional demand will be ultimately successful and these would be set aside at the time disposal of final appeal.

#### **Deferred tax**

Deferred tax has been calculated and provided in the accounts using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability or asset has been calculated on the basis current tax rate.

### **2.8 Provisions and contingencies**

A provision is recognised on the balance sheet date if, as a result of past events, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an out flow of economic benefits will be required to settle the obligation.

Contingencies arising from claim, lawsuit, etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured, otherwise a disclosure is provided if the matter is significant.

### **2.9 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **(a) Financial assets**

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date on which the Company becomes a party to the Contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.



The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

An entity shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) on the basis of both:

- a. the entity's business model for managing the financial assets and
- b. the contractual cash flow characteristics of the financial assets.

#### **Amortised cost**

The asset is measured at the amount recognised at initial cost minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognised in profit and loss. Changes in fair value are recognised in profit and loss when the asset is derecognised or reclassified.

#### **At fair value through profit or loss**

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transactions costs are recognised in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognised in profit or loss.

#### **At fair value through other comprehensive income**

A financial asset shall be measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets include cash and cash equivalents, trade and other receivables.

#### **(i) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and bank balances which were held and readily available for use of the Company without restrictions.

#### **(ii) Trade and other receivables**

Accounts receivable at the balance sheet date are stated at receivable amount. Provision for bad and doubtful debt is made when there is an indication that the recoverable amount or a portion thereof has been impaired.

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

The Company initially recognises financial liabilities on the dates that are originated. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classifies non-derivative financial liabilities into the liabilities for expenses category. Such financial liabilities are recognised initially at fair value less directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortised cost.

Financial liabilities include trade and other payables, accrued expenses and loans and borrowings.

#### **(i) Loans and borrowings**

Principal amounts of the loans and borrowings are stated at their amortised amount. Borrowings repayable after twelve months from reporting date are classified as non-current liabilities whereas the portion of borrowings repayable within twelve months from reporting date, unpaid interest and other charges are classified as current liabilities.



**(ii) Trade and other payables**

The Company recognises a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

**(C) Equity instruments**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as expenses. Paid-up share capital represents total amount contributed by the shareholders and bonus shares issued by the Company.

**2.10 Impairment**

**(i) Non-derivative financial assets**

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- (i) default or delinquency by a debtor;
- (ii) restructuring of an amount due to the Company on terms that the Company would not consider otherwise
- (iii) indications that a debtor or issuer will enter bankruptcy;
- (iv) adverse changes in the payment status of borrowers or issuers;
- (v) observable data indicating that there is measurable decrease in expected cash flows from a company of financial assets.

**(ii) Financial assets measured at amortised cost**

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

**(iii) Non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the asset is reduced to its recoverable amount by recognising an impairment loss, if and only if, the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognised immediately in profit or loss. As at 30 June 2021, the assessment of indicators of impairment revealed that impairment testing was not required for the Company.

For other assets, 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 amortisation, if no



impairment loss had been recognised.

## **2.11 Revenue**

### **Airport Lounge and BICC**

Revenue is net off value added tax, supplementary duty, services charges and surcharge collectable from guests as well as rebate and discount allowed to customers. Revenue is recognised when the goods is supplied and/or service is provided to the customer.

### **BSL Office Complex**

Rental income from BSL office complex has been recognised as per accrual basis in terms of the respective agreements with tenants.

## **2.12 Earnings per share**

Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company with the weighted average number of ordinary shares outstanding during the year. No diluted earnings per share is required to be calculated for the year as there is no scope for dilution during the year under audit.

## **2.13 New Standards and interpretations yet adopted**

New standards or interpretations that have been adopted by the Institute of Chartered Accountants of Bangladesh and effective from 1 July 2020 are duly adopted by the Company and none of these new adoptions has material impact on stated numbers of these financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2021 and earlier application is permitted; however, the Company has not early applied these new or amended standards in preparing these financial statements.

### 3. Property, plant and equipment - at cost less accumulated depreciation and amortisation

Particulars	Amount in BDT									
	Cost					Depreciation				
	At 01 July 2020	Addition/ Transfer during the year	Disposal/ Adjustment during the year	Total at 30 June 2021	Rate %	Up to 01 July 2020	Charge for the year	Disposal/ Adjustment during the year	Total to 30 June 2021	Written down value at 30 June 2021
<b>BSL Operations</b>										
Leasehold land	5,198,175	-	-	5,198,175	-	3,262,753	60,908	-	3,323,661	1,874,514
Building on leasehold land	4,728,644,748	766,616,263	-	5,495,261,011	2.5%	420,051,248	137,381,525	-	557,432,773	4,937,828,238
Admin office furniture and equipment	4,884,938	70,521,916	-	75,406,854	10%	573,347	7,540,685	-	8,114,032	67,292,822
Electrical fitting and general equipment	-	852,751,179	-	852,751,179	10%	-	85,275,118	-	85,275,118	767,476,061
Elevators	-	203,088,121	-	203,088,121	10%	-	20,308,812	-	20,308,812	182,779,309
Air-conditioning plant	3,491,813	501,139,933	-	504,631,746	10%	349,181	50,463,175	-	50,812,356	453,819,390
Hotel furniture and equipment	1,987,508	1,079,612,291	-	1,081,599,799	10%	198,751	108,159,980	-	108,358,731	973,241,068
IT and telecom equipment	-	499,142,894	-	499,142,894	10%	-	49,914,289	-	49,914,289	449,228,605
Kitchen equipment	-	202,525,943	-	202,525,943	10%	-	20,252,594	-	20,252,594	182,273,349
Laundry equipment	-	441,031,454	-	441,031,454	10%	-	44,103,145	-	44,103,145	396,928,309
Special equipment and fire alarms	-	202,822,343	-	202,822,343	10%	-	20,282,234	-	20,282,234	182,540,109
Health club equipment	-	197,469,344	-	197,469,344	10%	-	19,746,934	-	19,746,934	177,722,410
	4,744,207,182	5,016,721,681	-	9,760,928,863		424,435,280	563,489,401	-	987,924,681	8,773,004,182
<b>BSL Office Complex</b>										
Building on leasehold land	181,678,955	-	-	181,678,955	2.5%	108,020,219	4,541,974	-	112,562,193	69,116,762
Admin office furniture and equipment	1,647,897	-	-	1,647,897	10%	941,811	164,790	-	1,106,600	541,297
Electrical fittings and general equipment	47,221,945	-	-	47,221,945	10%	47,221,945	-	-	47,221,945	-
Elevators	12,872,456	-	-	12,872,456	10%	12,872,456	-	-	12,872,456	-
Air-conditioning plant	84,118,406	-	-	84,118,406	10%	84,118,406	-	-	84,118,406	-
Special equipment and fire alarms	25,388,546	-	-	25,388,546	10%	25,388,546	-	-	25,388,546	-
Motor vehicles	39,040,050	-	-	39,040,050	10%	8,752,331	3,904,005	-	12,656,336	26,383,714
	391,968,255	-	-	391,968,255		287,315,714	8,610,769	-	295,926,482	96,041,773
<b>Bangabandhu International Conference Center</b>										
Office furniture and equipment	64,263,218	-	-	64,263,218		64,263,218	-	-	64,263,218	-
	64,263,218	-	-	64,263,218		64,263,218	-	-	64,263,218	-
<b>Total 30 June 2021</b>	<b>5,200,438,655</b>	<b>5,016,721,681</b>	-	<b>10,217,160,336</b>		<b>776,014,211</b>	<b>572,100,170</b>	-	<b>1,348,114,381</b>	<b>8,869,045,955</b>
<b>Total 30 June 2020</b>	<b>1,037,012,921</b>	<b>4,163,425,734</b>	-	<b>5,200,438,655</b>		<b>648,089,990</b>	<b>127,924,221</b>	-	<b>776,014,211</b>	<b>4,424,424,444</b>

\* Leasehold land and building on leasehold land of the Company are mortgaged with Agrani Bank Limited to secure long term renovation loan.

Being this amounting BDT 5,016,721,681 has been transferred from capital work-in-progress (note 4)



	30 June 2021 BDT	30 June 2020 BDT
<b>4. Capital works-in-progress</b>		
Preliminary expenses for renovation	-	13,825,144
Interest during renovation	-	2,128,573,798
Interest on loan against FDR	-	13,011,102
Consultant fee	-	522,914,490
Consultant reimbursable	-	127,229,741
Package 2A- Charuta Pvt. Ltd	-	47,000
Package 2B- Bengal Tech. Corp. Ltd	-	6,250,878
Package 2C- - Charuta Pvt. Ltd	-	301,446,277
Package 2D- Energypac Ltd	-	547,366,681
Package 2E- IT Works	-	248,114,927
Package 2F- Creative Eng. Ltd	-	9,864,604
Package 3- Depa Interior LLC	-	20,627,980
Package 3A- Unity Services Ltd	-	432,594,042
FF&E and OS&E	-	733,042,330
Other renovation related works	-	(17,324,971)
Other renovation related works	-	256,302
Others	-	10,187,243
	-	<b>5,098,027,567</b>
<b>5. Guarantee deposit</b>		
Guarantee deposit for BICC (*)	160,000,000	160,000,000
	<b>160,000,000</b>	<b>160,000,000</b>
<p>(*) This amount remained with Bangladesh Commerce Bank Limited as bank guarantee deposit for BICC in the form of FDR as per requirement of management agreement between Bangladesh Services Limited and Public Works Department. The total balance of above FDR along with interest as at 30 June 2021 is 580,569,558 (BDT). Since, the guarantee obligation is sixteen crore, the remaining amount 420,569,558 (BDT) of that FDR being freely convertible into cash has been presented in cash and cash equivalents (note-11).</p>		
<b>6. Inventories - spares and general stores</b>		
<b>Hotel Operation</b>		
Stores and spares in hand		
Merchandise in transit		
Linen - in use	295,861	295,861
General and other stores	14,504,359	4,507,447
	<b>14,800,220</b>	<b>4,803,308</b>
<b>7. Inventories - food and beverage</b>	56,145,171	67,438,015
	<b>56,145,171</b>	<b>67,438,015</b>

	30 June 2021 BDT	30 June 2020 BDT
<b>8. Accounts receivable</b>		
Accounts receivable - trade, considered good	281,501,223	371,838,646
Accounts receivable-BICC	465,078,396	456,656,565
Accounts receivable - trade, considered doubtful	21,371,198	21,371,198
Rent receivable	51,826,009	64,997,453
Rent receivable from BICC	508,969,750	508,969,750
Receivable for VAT and tax	19,670,594	19,670,594
Expenses incurred by ICD for renovation works on behalf of BSL	936,116,398	936,292,802
Receivable from employees	34,986,742	23,766,688
Gross balance	2,319,520,309	2,403,563,694
<u>Less: Provision for bad and doubtful debts on accounts receivables-trade (note 8.1)*</u>	114,708,528	115,408,528
	2,204,811,781	2,288,155,166
<u>Less: Contra items (note 17.1)</u>		
Accounts receivable-BICC	465,078,396	456,656,565
Rent receivable from BICC	508,969,750	508,969,750
Expenses incurred by ICD for renovation works on behalf of BSL	936,116,398	936,292,802
	1,910,164,544	1,901,919,116
	<b>294,647,237</b>	<b>386,236,050</b>

\* Management has reviewed the above receivables balances and satisfied that the provision for doubtful debts recognised at 30 June 2021 is adequate to cover any potential impairments.

#### 8.1 Provision for bad and doubtful debts on account receivable-trade

Opening balance	115,408,528	112,708,528
<u>Add: Provision made during the year for ICD</u>	(700,000)	2,700,000
Closing balance	114,708,528	115,408,528

#### 9. Other receivables

Cash margin against guarantee issued by bank in favour of court relating to Mir Akhter Hossain Ltd	920,015	920,015
Receivable of ICD from BSL against retirement benefit	13,450,285	8,493,270
Receivable of ICD from BICC for rental	44,666,202	19,618,533
Receivable from Hotel	2,059,061	-
IHG reward club charges / reimbursement	1,286,035	1,821,574
Interest receivable	1,363,221	1,363,221
Sundry debtors	17,699	17,699
	63,762,519	32,234,313
<u>Less: Contra items (note 17.1)</u>		
Receivable of ICD from BICC for rental	44,666,202	-
Receivable from Hotel	2,059,061	-
	<b>17,037,256</b>	<b>32,234,313</b>



	30 June 2021 BDT	30 June 2020 BDT
<b>10. Advances, deposits and prepayments</b>		
Advances		
Advance tax for employees taxation	34,681,716	35,775,084
Income tax deducted at source - BSL	125,079,199	98,637,393
Advance to Depa (Renovation)	7,487,792	-
Advance against income tax	4,274,391	4,274,391
Advance to suppliers	6,809,113	18,425,612
VAT and supplementary duty - BSL	58,842,080	58,842,080
Advances to General Manager (ICD)	62,409	83,053
Advance to employees	2,670,870	3,074,597
Advances to others	12,731	1,505,105
	239,920,301	220,617,315
Deposits		
L/C and BG margin	86,598,698	12,557,482
Security/guarantee deposit - BSL	936,600	936,600
	87,535,298	13,494,082
Prepayments		
Prepaid insurance	678,298	844,074
Licenses and permits	1,827,687	1,744,559
Other expenses	2,141,433	1,513,219
Security expense (Ansar-VDP)	-	2,139,040
Workmen's compensation	261,169	173,507
	4,908,587	6,414,398
	<b>332,364,188</b>	<b>240,525,797</b>
<b>11. Cash and cash equivalents</b>		
Cash in hand	4,626,760	4,926,760
Bank balances		
Short term deposit with		
Agrani Bank Limited (reserve fund for replacement)*	3,257,347	21,702,353
Agrani Bank Limited (gratuity and termination benefit- Hotel)	3,407,431	3,411,581
Agrani Bank Limited	12,355,199	39,042,185
Sonal Bank Limited	4,279,771	4,284,036
Agrani Bank Limited (BSL complex rental account)	5,489,893	50,184,044
Standard Chartered Bank (Hotel)	7,958,551	7,936,979
	36,748,191	126,561,178
Fixed deposit with		
Agrani Bank Limited	636,760,329	617,979,787
Bangladesh Commerce Bank Limited	48,085,256	37,377,958
	684,845,585	655,357,745
Current accounts with		
Agrani Bank Limited-(A/C nos. 1905, 9051, 1998, 5711 & 7325)	66,064,331	79,619,763
Agrani Bank Limited - dividend account	65,782,516	79,337,108
	281,815	282,655
	<b>792,284,868</b>	<b>866,465,446</b>

\*This amount has been kept aside due to utilisation of reserve for replacements, substitutions and additions to furniture and equipment (note 13). The shortfall of this account will be recovered when fund will be sufficient.

	30 June 2021 BDT	30 June 2020 BDT
<b>12. Share capital</b>		
<b>12.1 Authorised:</b>		
250,000,000 ordinary shares of BDT 10 each	2,500,000,000	2,500,000,000
<b>12.2 Issued, subscription and paid up:</b>		
4,741,993 ordinary shares of BDT 10 each issued for consideration other than cash	47,419,930	47,419,930
4,258,007 ordinary shares of BDT 10 each issued in cash	42,580,070	42,580,070
88,788,913 ordinary shares of BDT 10 each issued as bonus shares	887,889,130	887,889,130
	<b>977,889,130</b>	<b>977,889,130</b>

**12.3 Shareholding position at 30 June 2021 is as under:**

Allocation of shares	Nationality	Number of shares	BDT	Percentage of shares (%)
Government of Bangladesh	Bangladeshi	97,470,791	974,707,910	99.67
H. H. Prince Sadaruddin Aga Khan	Swiss	183,751	1,837,510	0.19
Individuals	Bangladeshi	92,359	923,590	0.09
Bangladesh Parjatan Corporation	Bangladeshi	42,012	420,120	0.04
		97,788,913	977,889,130	100

**12.4 Classification of shareholders by holding:**

Holding of shares	2021	2020
	No. of shareholders	No. of shareholders
Less than 500	39	39
501 – 5000	16	16
5001 – 10000	4	4
10001 – 20000	0	0
20001 – 30000	1	1
30001 – 40000	0	0
40001 – 50000	1	1
50001 – 100000	0	0
100001 – 1000000	1	1
1000001 and above	1	1

**13. Reserve for replacements, substitutions and additions to furniture and equipment**

Opening balance	152,868,726	141,419,911
<u>Add:</u> Charged to operation during the year	18,642,932	23,638,428
<u>Less:</u> Amount utilisation during the year	9,298,532	12,189,614
Closing balance	<b>162,213,126</b>	<b>152,868,726</b>



**14. Deferred tax liability/ (asset)**

Deferred tax liability has been recognised in accordance with the provision of IAS 12 based on temporary difference arising due to difference in the carrying amount of the assets/liabilities and its tax base.

Opening balance  
Deferred tax (income)/expense for the year (A-B)  
Closing balance

**30 June 2021  
BDT****30 June 2020  
BDT**

92,421,596
142,726,571
<b>235,148,167</b>

14,221,697
78,199,899
<b>92,421,596</b>

Deferred tax liability is arrived at as under:

	Carrying amount	Tax base	Taxable / (deductible) temporary difference
<b>30 June 2021</b>			
Property, plant and equipment	8,869,045,955	7,645,622,981	1,223,422,974
Deferred liability for gratuity	(178,320,014)	-	(178,320,014)
Taxable/ (deductible) temporary difference	8,690,725,942	7,645,622,981	1,045,102,961
Applicable rate			22.50%
Deferred tax liability/ (asset)-A			235,148,167
<b>30 June 2020</b>			
Property, plant and equipment	4,424,424,444	3,890,280,146	534,144,298
Deferred liability for gratuity	(164,457,918)	-	(164,457,918)
Taxable/ (deductible) temporary difference	4,259,966,526	3,890,280,146	369,686,380
Applicable rate			25%
Deferred tax liability/ (asset)-B			92,421,596

**15. Long term secured loan**

Agrani Bank- renovation loan  
Interest during construction period

5,613,920,000
3,281,166,220
<b>8,895,086,220</b>

5,615,080,000
2,497,193,813
<b>8,112,273,813</b>

The loan was drawn under the borrowing facilities agreement dated 10 May 2015 and 08 January 2017 with the Agrani Bank Limited to finance construction and renovation work of the Hotel. This commercial housing loan bears interest rate at 11.50%. Leasehold land and building of the Company along with renovation work/materials are mortgaged/hypothecated against this loan.

**16. Deferred customs tariff**

Chattagong Customs  
ICD Kamalapur Customs  
Dhaka Airport Customs  
Benapole Customs

544,578,675
43,638,152
173,410,209
3,443,097
<b>765,070,133</b>

544,578,675
43,638,152
173,410,209
3,443,097
<b>765,070,133</b>

The Company has obtained an approval from Government for deferral of tariffs imposed on importation of equipment and materials for renovation work of the Hotel up to July 2021.

	30 June 2021 BDT	30 June 2020 BDT
<b>17. Accounts payable</b>		
For goods	144,583,974	72,294,626
Liquidated damage for renovation works	150,524,109	148,411,284
For expenses (note 17.1)	1,714,584,028	1,703,170,940
For other finance (note 17.2)	534,034,363	557,032,682
	<b>2,543,726,475</b>	<b>2,480,909,532</b>
<b>17.1 Accounts payable for expenses</b>		
BICC rent payable to BSL*	508,969,750	433,969,750
Expenses incurred by ICD for renovation works on behalf of BSL	936,292,802	936,292,802
Provision for retirement benefits	66,113,905	66,113,905
Salaries, wages, bonus, gratuity and other benefits	74,694,123	72,396,489
Accrued expenses	96,623,935	94,704,415
Accrual for BICC rent payable to PWD*	1,038,350,000	1,113,350,000
Accrual for BICC profit share payable to PWD (50% from Jan-Jun 2020)	86,206,403	85,883,876
Accrual for Balaka rent	1,666,251	1,666,251
Accrual for insurance	1,327,560	3,444,420
Accrual for social sports	4,311,017	4,311,017
Municipality tax	16,068,414	19,277,511
Indebtness to operator and its affiliates	25,376,738	25,694,539
Utility service for Hotel operation	8,305,559	8,758,293
Utility bills for BSL Office Complex	40,125	40,125
Other professional services fee	250,000	250,000
Software maintenance fee	289	24,785
Legal and professional charges	450,000	450,000
Consultancy fee	758,200	1,071,000
VAT payable	480	480
Crew allowance	800,000	800,000
Dues and subscription	280,973	280,973
Payable to ICD by Hotel	2,059,060	-
Payable to BICC by BSL	465,078,396	456,656,565
Other payable	44,666,202	19,618,533
Taxes, deposits and other creditors-ICD	120,523,034	99,172,037
Advance from clients ICD	3,403,123	2,229,431
Other current liabilities ICD	168,857,496	158,632,861
	3,671,473,834	3,605,090,056
<b>Less: Contra items (note 8)</b>		
BICC rent payable to BSL	508,969,750	433,969,750
Expenses for renovation made by ICD on behalf of BSL	936,116,398	936,292,802
Payable to BICC by BSL	465,078,396	456,656,565
Payable to ICD by Hotel	2,059,060	-
Accrual for BICC rent payable to PWD	44,666,202	75,000,000
	1,956,889,806	1,901,919,116
	<b>1,714,584,028</b>	<b>1,703,170,940</b>

(\*) Confirmation from BICC for this amount could not be provided to the auditor.



	30 June 2021 BDT	30 June 2020 BDT
<b>17.2 Creditors for other finance</b>		
VAT and supplementary duty *	279,846,967	279,840,155
Lease and other security deposit	15,121,482	19,514,595
Service charge unadjusted with project cost	219,016,420	219,174,698
Service charge payable to employees	87,407	87,407
Income tax deduction from staff salaries	19,088,061	19,088,061
Provident fund loan deduction	89,457	89,457
Tax deducted but not deposited	(149,972)	(156,607)
Tips payable	147,883	147,883
UNICEF donation received from guests	4,971	4,971
Union subscription	30,200	30,200
Other finance creditors	(43,403)	18,351,637
Liabilities for LOC	704,591	704,591
Other creditors	90,310	155,635
	<b>534,034,363</b>	<b>557,032,682</b>

\* The above VAT and supplementary duty also included VAT on Balaka Restaurant of the Company situated at the departure lounge after clearance of immigration of Hazrat Shahjalal International Airport. The Company has disputed imposition of VAT on this outlet and hence not paying the disputed claim of VAT.

**18. Advance rent, security deposit, earnest and retention money**

Earnest money	400,000	400,000
Advance rent received	3,300,275	40,421,373
Retention money received	8,496,973	8,418,258
Rental security deposit	5,627,858	5,554,958
Security money received from contractors	158,543,119	231,818,864
	<b>176,368,225</b>	<b>286,613,454</b>

**19. Provision for taxation**

Opening balance	39,410,224	18,972,730
Add: Provision made during the year	(17,647,373)	20,437,494
	21,762,852	39,410,224
Less: Payments made during the year	-	-
Closing balance	<b>21,762,852</b>	<b>39,410,224</b>

**\*Calculation of tax liability**

A. 0.60% of gross receipt	2,906,509
B. 22.5% on profit before tax	None, since loss
C. AIT paid during the year	125,079,199

Tax liability (higher of A, B and C)	125,079,199	98,637,393
Current tax	125,079,199	81,730,984
Deferred tax	-	16,906,410

**20. Liability for gratuity**

Opening balance	164,457,918	157,671,003
Add: Provision made during the year	13,862,096	8,103,546
	178,320,014	165,774,549
Less: Payment made during the year to outgoing members	-	1,316,631
Closing balance	<b>178,320,014</b>	<b>164,457,918</b>

**21. Revenue**

Rooms	90,772,290	278,768,640
Food and beverage	371,129,304	609,310,942
Rental and others	36,394,473	90,752,279
	<b>498,296,066</b>	<b>978,831,861</b>

				30 June 2021 BDT	30 June 2020 BDT
22. Operating cost	Rooms	Food and beverage	Minor operating departments	Total	Total
Salaries, wages, bonus, gratuity and other benefits	37,143,050	63,633,262	5,313,389	106,089,701	192,371,238
Decoration	790,744	368,350	-	1,159,094	1,843,922
and other expenses	-	126,985,857	276,691	127,262,548	193,557,056
Operating supplies	8,129,831	10,896,193	138,981	19,165,004	24,377,932
Menus cost	-	-	-	-	582,094
Postage and courier	-	(15,000)	-	(15,000)	15,000
Balaka restaurant rent	-	43,750,969	-	43,750,969	41,077,655
& uniforms	2,415,942	910,726	-	3,326,668	3,858,390
Limousine expenses	85,901	-	-	85,901	264,251
Complimentary guest services	1,036,461	577	-	1,037,038	7,948,987
Printing and stationery	690,936	2,102,203	3,091	2,796,230	3,518,273
Entertainment	463,365	131,008	-	594,373	1,118,935
Contract service	-	-	-	-	90,000
Equipment rent	5,066,492	197,889	-	5,264,381	3,708,685
In-house TV, video, music, etc.	2,635,991	821,503	-	3,457,493	6,276,715
Room commission	3,562,112	-	-	3,562,112	8,269,659
Travel and communication	(52,228)	209,673	-	157,445	526,340
Fuel and power	-	3,925,425	-	3,925,425	6,177,818
Training	(110,000)	-	-	(110,000)	545,621
Uniforms	338,359	603,225	45,863	987,447	1,097,393
Permits and licenses	620,804	534,387	-	1,155,191	4,603,031
Others	42,060	145,719	4,250	192,029	1,710,979
	<b>62,859,819</b>	<b>255,201,965</b>	<b>5,782,264</b>	<b>323,844,049</b>	<b>503,539,975</b>
23. Hotel administrative and other expenses					
Operators and its affiliated company fees (note 23.1)				9,965,921	33,689,023
Heat, light and power (note 23.2)				77,427,495	66,706,659
Administrative and general expenses (note 23.3)				70,214,282	118,678,603
Advertising, promotion and public relations (note 23.4)				29,229,211	64,763,540
Repairs and maintenance (note 23.5)				32,413,045	52,588,724
Information and telecomm (note 23.6)				18,416,746	29,674,988
				<b>237,666,699</b>	<b>366,101,537</b>
23.1 Operators and its affiliated company fees					
License fee				9,965,921	19,430,635
Incentive management fee				-	14,258,387
				9,965,921	33,689,023
23.2 Heat, light and power					
Utilities				77,427,495	66,706,659
				77,427,495	66,706,659



	30 June 2021 BDT	30 June 2020 BDT
<b>23.3 Administrative and general expenses</b>		
Salaries, wages, bonus, gratuity and other benefits	37,706,737	67,850,747
Credit card commission	4,685,659	9,484,364
Security	11,384,180	11,389,174
Bad debts	(700,000)	2,700,000
Operating supplies	527,333	217,310
Travelling expenses	182,618	2,149,215
Legal and professional charges	1,050,950	1,974,420
Printing and stationery	1,747,629	2,817,949
Entertainment	1,908,218	1,732,033
Professional services fee	203,800	-
BSL expenses	-	7,389,159
Uniforms	194,132	193,577
Dues and subscriptions	314,144	30,598
Training and training related expenses	3,096,815	2,788,581
Relocation expenses	1,680,288	-
Licenses and taxes	1,711,002	6,031,985
Others	4,520,777	1,929,490
	<u>70,214,282</u>	<u>118,678,603</u>
<b>23.4 Advertising, promotion and public relations</b>		
Salaries, wages, bonus, gratuity and other benefits	12,651,897	19,458,284
Signage, events and functions	7,878,550	17,448,792
Entertainment	1,794,954	1,301,683
Travelling	368,822	220,005
Print newspapers	225,714	2,414,421
Marketing assessment fees	1,593,717	5,556,980
IHG rewards club assessment	3,811,018	12,126,885
Others	904,539	6,236,489
	<u>29,229,211</u>	<u>64,763,540</u>
<b>23.5 Repair and maintenance</b>		
Salaries, wages, bonus, gratuity and other benefits	18,236,005	26,682,804
Removal of waste	645,889	322,495
IT - repair and maintenance	10,044,485	18,075,561
Water treatment	345,751	455,720
Electric bulbs/electrical	400,692	1,902,148
Uniforms	141,473	135,562
Licenses and taxes	598,411	441,665
Pest control	745,124	1,492,190
Operating supplies	974,136	2,665,324
Travelling - local	23,455	51,055
Others	257,625	364,200
	<u>32,413,045</u>	<u>52,588,724</u>

	<b>30 June 2021 BDT</b>	<b>30 June 2020 BDT</b>
<b>23.6 Information and telecom</b>		
IT direct expenses	13,989,859	23,521,319
Salaries, wages, bonus, gratuity and other benefits	4,070,703	5,105,874
Operating supplies	94,379	425,800
Entertainment	5,817	14,172
Licenses and taxes	73,423	108,683
Travelling and conference	100,000	328,310
Printing and stationery	23,619	54,828
Uniforms	-	20,903
Operating supplies	20,329	90,000
Others	38,618	5,100
	<u>18,416,746</u>	<u>29,674,988</u>
<b>24. BSL administrative and other expenses</b>		
Depreciation	572,100,170	127,924,221
Rates and taxes	427,440	3,209,097
Finance cost	782,772,408	393,577,116
Insurance	11,048,849	23,199,281
Other expenses BSL (note 24.1)	238,025,873	70,118,966
	<u>1,604,374,739</u>	<u>618,028,681</u>
<b>24.1 Other expenses BSL</b>		
Salaries, wages, bonus, gratuity and other benefits	40,376,610	57,421,607
Entertainment	15,730	700,544
Directors' remuneration	1,962,000	3,833,500
Bank charge and levy	1,516,586	1,195,116
Legal and consultancy fee	1,408,485	489,000
CDBL expenses	170,400	-
Other professional services fee	-	250,000
Advertisement	1,527,066	898,825
Auto maintenance	21,787	357,987
Cable and postage	637,347	577,462
Stock exchange listing fee	488,945	488,945
Subscripstin to BAPLC	150,000	-
Donation	49,653	336,071
Office maintenance	404,800	819,720
Printing and stationery	106,474	120,270
Medical expenses	426,145	747,667
AGM expenses	146,878	155,990
Tourism related expenses	5,800	311,288
Training expense	303,410	382,700
Others	(83,241)	1,032,274
Supplemantery duty charge	188,390,998	-
	<u>238,025,873</u>	<u>70,118,966</u>
<b>25. Other income</b>		
Interest on bank deposits	35,778,323	38,227,770
Rental income from staff quarter	5,887,235	9,910,566
Travel agent commission reversed	-	-
Income from sale of scraped items of fixed assets	1,916,000	29,200
Non-operating income	240,805	-
	<u>43,822,363</u>	<u>48,167,536</u>



	30 June 2021 BDT	30 June 2020 BDT
<b>26. Rental income from BSL office complex</b>		
Rental income	69,095,514	81,890,549
<b>Less:</b> Expenses on complex		
Electricity and fuel	14,618,785	10,322,219
Salaries, wages, bonus, gratuity and other benefits	12,213,319	13,572,582
Cleaning and maintenance	11,041,734	8,913,028
Conveyance and medical expenses	457,695	276,424
	<u>38,331,532</u>	<u>33,084,254</u>
	<b>30,763,982</b>	<b>48,806,296</b>
<b>27. Income/(loss) from BICC</b>		
Revenue	53,442,960	344,894,706
Cost of sales	20,885,693	88,577,094
	32,557,267	256,317,612
<b>Less:</b> Expenses		
Utility	15,064,667	26,146,746
Maintenance	14,400,584	16,527,993
Administrative and general	90,627,810	113,480,084
Advertisement	605,864	5,049,393
	<u>120,698,924</u>	<u>161,204,215</u>
	(88,141,657)	95,113,397
<b>Less:</b> Share of profit/(loss) to PWD	322,528	47,556,699
Net profit/(loss) for the year	<u><b>(88,464,185)</b></u>	<u><b>47,556,699</b></u>
<b>28. Remuneration to directors</b>		
Board meeting	840,000	1,059,000
FAC meeting	96,000	324,000
Audit committee	192,000	96,000
PENC committee	230,000	1,342,500
Other meetings	292,000	481,000
Nomination & Remuneration Committee (NRC)	312,000	96,000
Fee to directors	<u>1,962,000</u>	<u>3,398,500</u>
<b>29. Salaries, wages, bonus, gratuity and other benefits</b>		
Salaries, wages, bonus, gratuity and other benefits of BDT 233,306,973 (2020: BDT 550,754,554) appearing in these financial statements of various departments.		
<b>30. Capacity</b>		
<b>30.1 Capacity of the hotel</b>		
Total rooms available to the customers during the month of June 2021	6780	
Total % of actual occupancy of rooms during the month of June 2021	1.47%	
Total actual % of occupancy of rooms during the year to 30 June 2021	16.37%	
	30 June 2021 BDT	30 June 2020 BDT
<b>30.2 Capacity of BSL office complex</b>		
Total area of space available to let out as of 30 June 2021	61,879	61,879
Total area in use as of 30 June 2021	58,292	59,179

### 31. Remittance of foreign currency

	30 June 2021 BDT		30 June 2020 BDT	
	2021 USD	2020 USD	2021 BDT	2020 BDT
Expatriates salaries and benefits	123,195	203,611	10,493,974	17,296,754
IHG fees	90,909	565,850	10,206,915	48,068,998
Training fee	-	-	-	-
Travel agent fee	18,652	12,403	2,154,323	1,053,614
Software maintenance fee	47,593	65,270	5,824,184	5,544,719

### 32. Contingent liabilities and claims

#### A. Letter of guarantees

9,200,346

9,200,346

In the course of executing the contract work, certain disputes have arisen between the Company and its contractor Mir Akhter Hossain Limited. As per the terms of contract, the contractor was authorized to refer the matter to arbitrator for resolution of the dispute in accordance with the provision of the arbitration Act 1940. Both the parties nominated their Arbitrators; Late Justice Badrul Haider Chowdhury was nominated by the contractor and Mr. M.S.I Chowdhury was nominated by the Company and the arbitrators appointed Justice Kemaluddin Hossain, the former Chief Justice of Bangladesh as umpire and thereafter arbitral proceedings started. The arbitrators differed on certain matters and sent their reports to the umpire. The umpire has given the following awards on 02 April 1998:

The Company shall refund the entire amount of VAT amounting to Taka 7,003,669 to the contractor as deducted from the invoices.

- i. The contractor is also entitled to claim damages to the extend of Taka 2,196,677 for payment of its invoices by the Company.
- ii. The contractor filed a petition to the 3rd Sub Judge Court of Dhaka to enforce the award given by the umpire, whereas the Company decided to contest it. The case was sent back on remand by the Hon'ble Supreme Court vide judgment dated 02 July 2001 passed in F.M.A no: 235/99 filed by BSL with a direction to dispose of the matter. Recently the 3rd Sub Judge court has upheld its previous verdict in favor of contractor and directed the Company to pay the entire amount of Taka 9,200,346 to the contractor. The Company has filed an appeal with the Hon'ble High court in 2004 against the verdict, the ultimate outcome of which is uncertain. To comply with the terms of the contest petition, the Company issued a bank guarantee in favour of the court amounting to Taka 9,200,346 which has been shown as contingent liability being letter of guarantee in the books of the Company. Against the guarantee, the Company has paid a sum of Taka 920,215 as margin against bank guarantee and the amount is shown under sundry debtors in these financial statements.

No provision has been made in these financial statements against the above.

#### B. Income tax pending matters

The income authority has made an additional claim for the assessment years 2007-2008 and 2008-2009 amounting to BDT 5,954,210 and BDT 9,340,009 respectively against which the Company has made appeals to relevant appeal authority which are still pending. No provision has been made in the accounts for the additional amount claimed by the tax authority as the Company has reasonable grounds to believe its appeal against such unjust additional demand will be ultimately successful and these would be set aside at the time disposal of final appeal.



### **C. Value added tax (VAT) and supplementary duty**

Large Taxpayers Unit (LTU) - VAT has issued a demand notice to the Company for Tk 24,732,774 which allegedly resulted from claiming VAT rebates on certain items, not paying VAT on rent received and unpaid VAT as deducted at source from suppliers for the period July 2005 to June 2010. Pursuant to an audit conducted by the Local and Revenue Audit Department on the Hotel operation of the Company, the LTU - VAT has also issued demand notices of Tk. 282,159,786 for the years 2010-2011 and 2011-2012 and Tk 120,220,847 for the year 2012-2013 on the grounds of not collecting supplementary duty and VAT on supplementary duty from sale of alcoholic beverages at restaurants of the Hotel and taking rebate on restaurant services without price declaration.

The Company is defending these objections as it believes that these were neither factually correct nor consistent with the prevailing VAT legislation. The Company maintains its position that all VAT rebates claimed are legitimate, relevant requirements of the VAT Act 1991 have been appropriately followed and any withholding VAT are duly deposited to the Government exchequer. Since these matters are pending and the Company believes on reasonable ground that such alleged objection shall be quashed in favor of the Company in due course by the appropriate authority no provision has been made for such disputed claims.

### **D. Additional supplementary duty and VAT on sale of alcoholic beverages and floor show**

The erstwhile Dhaka Sheraton Hotel (now renamed as InterContinental Dhaka) has been conducting its Hotel business after taking Value Added Tax (VAT) registration from relevant authority. As per SRO No 152/Law/2005/443-VAT dated 9 June 2005, hotels under service code S001.10 was exempted from supplementary duty. 2012 and clearly spelt out collection of supplementary duty from supply of alcoholic beverages and organization of floor show, management believes that this supports the Hotel's argument that the earlier imposition of supplementary duty prior to 1 July 2012 has no legal basis. The LTU-VAT has issued a demand notice on same matter claiming additional supplementary duty and VAT on sale of beverages and floor show income of Tk 12,733,543 for the period from 1 July 2012 to 30 June 2013 which has been provided for by the Company.

However, VAT Large Taxpayers Unit (LTU) vide a letter dated 30 March 2009, alleged that for those hotels which also provide in-house restaurant services, supplementary duty shall be paid on receipts from supply of alcoholic beverages and organization of floor show. The said letter also claimed that since the Hotel has in-house restaurants where alcoholic beverages are served and also floor show is organized, supplementary duty shall be payable on such receipts. The letter further alleged that total supplementary duty of Tk 188,390,994 is payable by the Hotel for the period from July 2005 to June 2009. The Hotel has filed a writ petition on 31 May 2009 with the High Court Division of the Supreme Court of Bangladesh challenging validity of the alleged claim by VAT LTU. Other five star hotels operating in Bangladesh at that time also received similar demands from VAT LTU and they also filed their respective writ petitions. On 10 September 2017, the High Court Division has passed a judgment maintaining the demand of VAT LTU. A civil petition number 1425 of 2017 was filed for leave to appeal against this judgment with the Appellate Division of the Supreme Court of Bangladesh. However, as per an order dated 13 September 2017 the civil petition has been dismissed. The Hotel management are reviewing the matter and discussing with competent lawyers to decide next course of action. Since this is an industry-wide issue involving a number of other five star hotels, management is also discussing this matter with other stakeholders. It is worthwhile to note that an amendment has been made vide SRO No 184-Law/2012/642 dated 7 June 2012 whereby supplementary duty @10% has been imposed on Hotel and Restaurants on income received from supply of alcoholic beverages and organization of floor show (even for a day of the year). Since this SRO is applicable from 1 July 2012 to 30 June 2013 which has been provided for by the Company.

The Appellate Division of Supreme Court has dismissed the petition of the Company to exempt its Hotel from supplementary duty of Tk.188,390,994. BSL will take next course of action as per discussion with other stakeholders.

### 33. Number of employees

Total number of employees engaged for the whole year or part thereof are 620 among which who received a total monthly remuneration of BDT 36,000 and above were 85.

### 34. Earnings per share (EPS)

#### 34.1. Basic earnings per share

	30 June 2021 BDT	30 June 2020 BDT
Earnings attributable to the ordinary shareholders	(1,806,546,459)	(462,945,195)
Weighted average number of shares outstanding	97,788,913	97,788,913
Basic earnings per share	(18.47)	(4.73)

Earnings per share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the in terms of IAS-33 "Earnings Per Share."

#### 34.2. Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no dilutive potential ordinary shares during the year.

### 35. Events after the reporting period

The Board of Directors of the company has not recommended any dividend for the year ended 30 June 2021.

### 36. Financial Instruments-Financial risk management

The management has overall responsibility for the establishment of the Company's risk management framework with oversight by the Board of Directors. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Company has exposure to the following risks from its use of Financial Instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

#### 36.1 Credit risk

Credit risk is risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations which arises principally from the Company's receivables and investments.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	30 June 2021 BDT	30 June 2020 BDT
Cash and cash equivalents	792,284,868	866,465,446
Accounts receivable	294,647,237	386,236,050
Other receivables	17,037,256	32,234,313
Advances, deposits and prepayments	332,364,188	240,525,797
	<b>1,436,333,548</b>	<b>1,525,461,606</b>



The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which customers operate. Based on the Company's operations there is no concentration of credit risk.

The Company's management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company review includes clients goodwill and in some cases bank references. Customers that fail to meet the Company's standard credit policy may transact with the company only on a pre-payment basis.

Cash at banks are maintained with both local branch of domestic schedule banks having acceptable credit rating and an international Bank.

### 36.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### Exposure to Liquidity risk

The following are the contractual maturities of financial liabilities:

#### Contractual cash flows

Non-derivative financial liabilities	Carrying amount as on 30 June 2021	Within 12 months	More than 12 months	Carrying amount as on 30 June 2020
	BDT	BDT	BDT	BDT
Long term loan	8,895,086,220	-	8,895,086,220	8,112,273,813
Accounts payable	2,543,726,475	2,543,726,475	-	2,480,909,532
Provision for income tax	21,762,852	21,762,852	-	39,410,224
Liability for gratuity	178,320,014	178,320,014	-	164,457,918
Deferred customs tariff	765,070,133	-	765,070,133	765,070,133
Advance rent, security deposits and earnest money	176,368,225	176,368,225	-	286,613,454
Unpaid dividend	307,688	307,688	-	307,688
<b>Total</b>	<b>12,580,641,606</b>	<b>2,920,485,253</b>	<b>9,660,156,353</b>	<b>11,849,042,760</b>

As at 30 June 2021, all current liabilities were expected to be paid within 12 months and all non current liabilities except deferred tax were expected to be paid after 12 months. The major liquidity risk the Company is facing due to current liabilities being higher than current assets.

### 36.3 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, will affect that Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### 36.4 Currency risk

The Company is exposed to currency risk on purchases of renovation materials and some food and beverage items which are denominated in a currency other than the functional currency. To manage this exposure normally the Company take assistance from relevant banks and if the exchange rate is expected to be volatile it attempts to upfront agree the exchange rate of retiring LCs at the time of settlement date. At balance sheet date there were no major financial instruments having material foreign exchange risk.

### 36.5 Interest risk

Interest rate risk arises from movement in interest rates both on deposits with banks as well as loans and borrowings. The Company is not significantly exposed to fluctuation in interest rates as most of the borrowings are on fixed interest rates and the Company has no derivative financial instruments.

## 37 Other information

### 37.1 Reconciliation of operating cash flows to net profit

	30 June 2021 BDT	30 June 2020 BDT
Profit/(loss) before tax	(1,681,467,261)	(364,307,801)
<b>Adjustment for non-cash items :</b>		
Depreciation	572,100,170	127,924,221
Gratuity provision made/(reversed)	13,862,096	8,103,546
Reserve for replacements, substitutions and additions to furniture and equipment	9,344,400	11,448,814
Provision for bad and doubtful debts	(700,000)	2,700,000
	594,606,666	150,176,582
<b>Changes in working capital components:</b>		
(Increase)/Decrease in inventories - spares and general stores	(9,996,912)	(1,390,268)
(Increase)/Decrease in inventories - food and beverage	11,292,844	(7,526,045)
(Increase)/Decrease in accounts receivable	91,588,813	31,118,759
(Increase)/Decrease in other receivable	15,197,057	(25,054,464)
(Increase)/Decrease in advances, deposits and prepayments	(74,040,991)	(30,926,392)
Increase/(Decrease) in accounts payable	62,816,943	327,577,455
Increase/(Decrease) in advance rent receipt	(110,318,127)	45,439,495
Increase/(Decrease) in rental security deposit receipt	72,900	(36,512)
Increase/(Decrease) Provision for supplementary duty	188,390,998	-
	175,003,526	339,202,029
Operating cash flow before gratuity and tax payments	(911,857,070)	125,070,810
Income tax paid	(26,441,805)	(28,299,473)
Gratuity paid	-	(1,316,631)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(938,298,875)</b>	<b>95,454,706</b>
<b>37.2 Net operating cash flows per share (NOCFPS)</b>		
Net operating cash flows	(938,298,875)	95,454,706
Weighted average number of ordinary shares outstanding	97,788,913	97,788,913
Net operating cash flows per share	<b>(9.60)</b>	<b>0.98</b>



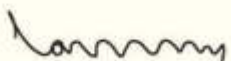
	30 June 2021 BDT	30 June 2020 BDT
<b>37.3 Net assets value (NAV) per share</b>		
Net assets as at 30 June 2021 (represented by equity)	(2,467,855,878)	(661,309,418)
Weighted average number of ordinary shares outstanding	<u>97,788,913</u>	<u>97,788,913</u>
Net assets value per share	<u>(25.24)</u>	<u>(6.76)</u>

**37.4** Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.


**37.5** These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

**37.6** Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.

For and on behalf of Board of Directors of Bangladesh Services Limited

  
Md. Abdul Quaiyum  
Managing Director

  
Md. Ahsanul Haque Khan  
Director

  
Nisar Ahmed  
Chief of Accounts & Finance

Dhaka, Bangladesh  
Dated, 29 November 2021











