

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

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**Auditor's report and financial statements  
for the year ended 30 June 2022**

# Hoda Vasi Chowdhury & Co

## Chartered Accountants

### 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 as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 2022, 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 in the financial statements, which indicates that the Company has accumulated losses of Tk. 4,816,278,065 and current assets deficit of Tk. 2,849,933,886 as at 30 June 2022 and incurred substantial amount of net losses and negative operating cash flows for the year then ended. These events or conditions, along with other matters as set forth in that note indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Emphasis of Matter

We draw attention to Note 3.00 of the financial statements, which describes matters related to the revaluation ownership of the Company's land. We also draw attention to Note 34.00 of the financial statements where management has explained the circumstances of various contingent claims including additional demands of incomes tax and value added tax (VAT) & supplementary duty from taxation authority, and City tax on room rental from Dhaka South City Corporation.

#### Other Matters

The financial statements of the Company as at and for the year ended 30 June 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 29 November 2021.



**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, 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.

Description of key audit matters	Our response to key audit matters
<b>Valuation of property, plant and equipment (PP&amp;E) including revaluation of land and impairment assessment of other items of PP&amp;E</b>	
<p>During the year the Company has conducted the valuation of its land portfolio and decided to change the measurement basis of land from cost to revaluation model incorporating the revalued amount on the basis of valuation done by an independent external valuer.</p> <p>The revaluation has resulted in fair value gain of BDT 27,343,762,067 after netting off deferred tax liability of Tk. 1,139,323,419. Determination of fair value in absence of any quoted price and active market require significant judgment and hence considered to be a key audit matter.</p> <p>Furthermore, due to subsequent waves of COVID 19, current ongoing macro-economic situation and historically low occupancy rate post re-opening the hotel, business activities of the Company has been impacted resulting substantial losses during the last couple of years. Accordingly, we have also considered any potential impairment of PP&amp;E under IAS 36.</p>	<p>We assessed the process of revaluation taken by the Company. We reviewed revaluation report of the independent valuer along with relevant documents and applied our judgment to see whether the fair value reflects the macro-economic condition as well as value of the land in those localities.</p> <p>We checked related accounting treatments of fair value gain and associated deferred tax as recognized by the Company.</p> <p>We reviewed management's assessment of useful life and residual value for depreciation calculation.</p> <p>Finally, we discussed the actual occupancy rate and capacity utilization during the period and future forecast including expected recovery time from impacts of post COVID 19 and other macro-economic factors to assess whether any impairment is required.</p> <p>The Company's Hotel and Office Complex are situated on 4.5 Acres of land which is considered as an iconic location of the Country and the valued at Tk. 60 million per decimal. Initially, this piece of land was given to the Company's predecessor (PSL) on 30 years lease and upon the expiry of this term the AC Land Office of Ramna has recorded the land under the name of Ministry of Civil Aviation &amp; Tourism on account Bangladesh Services Limited. Since then the Company is paying land rent and all related taxes on its own name. The Company is treating this land as 'Freehold Land' on the basis of decision of the AC Land office. The other piece of land of the Company is situated in Mirpur and taken on 99 years lease which is currently being used for staff housing.</p>
See note 3 for details	



<b>Revenue recognition and valuation of receivables</b>	
<p>The Company has diversified revenue streams such as hotel operation (room, F&amp;B and other), operation of BICC, running a business lounge at airport and rental income from office building. The application of revenue recognition involves a number of key judgments and estimates, including checking of proper cut-off.</p> <p>Moreover, the Hotel business and Balaka lounge of the Company provide substantial amount of credit sales to corporate customers and various government entities, a portion of which become overdue and hence high risk of default.</p> <p>Due to the estimates and judgment involved in the application of the revenue recognition there presumably a risk of revenue being misstated.</p> <p>Due to inherent risk associated the recovery of accounts receivable balance as well as difficulties in forecasting future loss in case of default by debtors this area require significant estimate and judgment.</p> <p>Therefore, we have considered this area as a key audit matter.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Understanding of various revenue streams and related operational matters;</li> <li>• Assessment of the five step model for revenue recognition adopted by the Company in line with IFRS 15: Revenue, including cut-off point to satisfy performance obligation.</li> <li>• Periodic balance confirmation from debtors;</li> <li>• Monitoring process for overdue receivables; and</li> <li>• Company's policy of creating provision against overdue receivables and periodic write off in line with IFRS 9.</li> </ul> <p>Our substantive procedures in relation to the assessing valuation of receivables comprises the following:</p> <ul style="list-style-type: none"> <li>• Reconciliation of debtors ageing to general ledger;</li> <li>• Conducting cut-off testing at the year-end;</li> <li>• Reviewing subsequent receipt of receivables balance;</li> <li>• Recalculation of provision for trade receivables as required by IFRS 9 and compared against actual write off/loss on repossession in prior periods.</li> </ul> <p>Consistent with the nature of the Company's business model and prior history certain types of customers take longer time to make payment and hence a significant portion of receivables balances remain in overdue category. In addition, due to delay in receiving income tax and VAT challans deducted by clients at the time of making payments related amounts are shown in overdue category.</p>
See note number 8 for details	



<b>Income tax matters</b>	
<p>The Company being a listed company is subject to lower corporate tax rate. However, as per Section 82C of ITO 1984, certain types of TDS or withholding taxes suffered by the Company shall be considered as Minimum Tax and not refundable even if the Company has shown tax loss or the actual tax liability is lower.</p> <p>Moreover, the Company has a number ongoing disputes with taxation authorities in terms of additional claims of income tax and value added tax (VAT) and supplementary duty, which the Company has disputed.</p> <p>The Company has recognized deferred tax liability in respect of taxable temporary difference for capital allowance and deductible timing differences for gratuity resulting in net deferred tax liabilities.</p> <p>The Company reports net deferred tax liabilities where 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, 14 and 34 to the financial statements.</p>	<p>Our audit approach included a combination of controls testing, data analytics and substantive procedures covering the following:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• assessing the completeness and accuracy of the data used for the estimations of future taxable income;</li> <li>• 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;</li> <li>• 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;</li> <li>• assessing the appropriateness and presentation of disclosures under IAS 12 "Income Taxes".</li> <li>• 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;</li> </ul>

<b>Defined benefits plan</b>	
<p>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</p>	<p>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:</p> <ul style="list-style-type: none"> <li>• obtaining sufficient audit evidence to conclude that the inputs and methodologies used to determine the liability for defined benefit plan;</li> <li>• assessing the design and operating effectiveness of the Company's key controls supporting the identification, measurement and oversight of</li> </ul>



<p>end, the Company reported a net funded gratuity liability of BDT 55.35 million. During the year an amount of Tk. 12.7 crore has been transferred to separate gratuity fund.</p> <p>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.</p>	<p>valuation of the defined benefits payable provision;</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• ensuring that the basis of computing gratuity is valid; verify the computation of liability on aggregate basis;</li> <li>• 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;</li> <li>• testing the employees data used in calculating obligation, assessing the appropriateness and presentation of disclosures against IAS 19 "Employee Benefits".</li> <li>• The Company has not conducted any actuarial assessment of its gratuity obligation. However as per internal assessment management consider that the current liability will be adequate to cover its obligation.</li> </ul>
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<p><b>Loans and borrowings</b></p>	
<p>As at reporting date, the Company had total loans and borrowings of BDT 9,553,671,094 representing 64% of the Company's total liabilities. Accordingly, the Company is highly dependent on continuation and availability of these loans and borrowings.</p> <p>Furthermore, the Company is obliged to comply with certain covenants imposed by the lender bank as well as required to pay significant portion of quarterly instalment comprising both repayment of principal and interest.</p> <p>Therefore, proper disclosure of loans and borrowings as well as checking compliance with loan covenants are considered as key audit matter.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the loans.</p> <p>Amongst other we have obtained understanding on the nature or types of loans, the repayment schedules, loan statements and facility offer letters to review terms, debt covenants, interest rates and other conditions associated with the loans.</p> <p>Due to delay in renovation work and Covid 19 impact the Company's Hotel operation suffered and as a result it could not able to pay all loan installments.</p>



**Reporting on 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 auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls**

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 3, the Companies Act 1994, Securities and Exchange Rules 2020 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



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

We communicate with 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 2020, we also report that:

- (i) 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;
- (ii) 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;
- (iii) 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
- (iv) the expenditures incurred were for the purpose of the Company's business.

The engagement partner on the audit resulting in this independent auditor's report is Sabbir Ahmed, FCA.

Dhaka, 09 November 2022  
DVC No: 2211090770AS464414



Sabbir Ahmed FCA, Partner  
ICAB Enrolment No: 770  
Hoda Vasi Chowdhury & Co  
Chartered Accountants




**Bangladesh Services Limited**  
(Owner of InterContinental Dhaka)  
**Statement of Financial Position (Balance Sheet)**  
As at 30 June 2022


	Notes	30 June 2022 BDT	30 June 2021 BDT
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	36,812,136,562	8,869,045,955
Capital works-in-progress	4	10,322,094	-
Guarantee deposits	5	160,000,000	160,000,000
		<b>36,982,458,656</b>	<b>9,029,045,955</b>
<b>Current assets</b>			
Inventories - spares and general stores	6	25,176,323	14,800,220
Inventories - food and beverage	7	59,214,711	56,145,171
Accounts receivable	8	539,200,731	294,647,237
Other receivables	9	5,011,361	17,037,256
Advances, deposits and prepayments	10	374,920,119	332,364,188
Cash and cash equivalents	11	669,575,447	792,284,868
		<b>1,673,098,691</b>	<b>1,507,278,939</b>
		<b>38,655,557,346</b>	<b>10,536,324,894</b>
<b>Total assets</b>			
<b>Equity and liabilities</b>			
<b>Equity</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	200,963,215	162,213,126
Retained earnings/(accumulated losses)		(4,816,278,065)	(3,667,958,133)
<b>Equity without revaluation</b>		<b>(3,577,425,720)</b>	<b>(2,467,855,877)</b>
Revaluation surplus	14	27,343,762,067	-
<b>Equity with revaluation</b>		<b>23,766,336,347</b>	<b>(2,467,855,877)</b>
<b>Non-current liabilities</b>			
Deferred tax liability	15	1,467,317,329	235,148,167
Loans and borrowings non current portion	16.1	8,898,871,094	8,158,614,791
		<b>10,366,188,423</b>	<b>8,893,762,958</b>
<b>Current liabilities</b>			
Loans and borrowings current portion	16.2	654,800,000	736,471,429
Accounts payable	18	2,616,798,322	2,543,726,475
Advance rent, security deposits and earnest money	19	147,039,909	176,368,225
Unpaid dividend		-	307,688
Deferred customs tariff	17	765,070,133	765,070,133
Provision for taxation	20	95,586,053	21,762,852
Provision for supplementary duty		188,390,998	188,390,998
Liability for gratuity	21	55,347,161	178,320,014
		<b>4,523,032,577</b>	<b>3,108,876,252</b>
		<b>38,655,557,346</b>	<b>10,536,324,894</b>
<b>Total equity and liabilities</b>			
NAVPS with revaluation		243.04	(25.24)
NAVPS without revaluation		(36.58)	(25.24)


These financial statements should be read in conjunction with annexed notes

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

  
Mohammad Atiqur Rahaman  
Managing Director

  
Tahmina Yeasmin  
Director  
See annexed report of the date

  
S. M. Tarikul Islam, PAA  
Company Secretary

  
Sabbir Ahmed, FCA, Partner  
ICAB Enrollment no 770  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

Dhaka, Bangladesh  
Dated: 09 November 2022  
DVC No: 2211090770AS464414

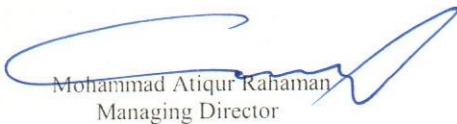



**Bangladesh Services Limited  
(Owner of InterContinental Dhaka)  
Statement of Profit or Loss and Other Comprehensive Income  
For the year ended 30 June 2022**


	Notes	2022 BDT	2021 BDT
Revenue	22	1,102,127,200	498,296,066
Operating cost	23	(506,402,603)	(323,844,049)
<b>Gross profit</b>		<b>595,724,597</b>	<b>174,452,018</b>
Hotel administrative and other expenses	24	(381,325,532)	(237,666,700)
BSL administrative and other expenses	25	(646,320,885)	(821,602,332)
		(1,027,646,417)	(1,059,269,032)
<b>Profit/(loss) from operations</b>		<b>(431,921,820)</b>	<b>(884,817,014)</b>
Interest income	26	144,753,191	43,822,363
Rental income from BSL office complex	27	45,829,873	30,763,982
Income/(loss) from BICC	28	32,022,731	(88,464,185)
Finance cost		(733,584,874)	(782,772,408)
<b>Profit/(loss) before tax</b>		<b>(942,900,899)</b>	<b>(1,681,467,262)</b>
Income tax expense			
Current tax	20	73,823,201	(17,647,373)
Deferred tax	15	92,845,743	142,726,571
		166,668,944	125,079,199
<b>Profit/(loss) for the year</b>		<b>(1,109,569,843)</b>	<b>(1,806,546,459)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of land during the year	14	28,483,085,486	-
Related deferred tax on revaluation surplus	15	(1,139,323,419)	-
		27,343,762,067	
<b>Total comprehensive income/(loss) for the year</b>		<b>26,234,192,224</b>	<b>(1,806,546,459)</b>
<b>Earnings per share (EPS)</b>	36	<b>(11.35)</b>	<b>(18.47)</b>

These financial statements should be read in conjunction with annexed notes.


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

  
Mohammad Atiqur Rahaman  
Managing Director

  
Tahmina Yeasmin  
Director  
See annexed report of the date

  
S. M. Tarikul Islam, PAA  
Company Secretary

Dhaka, Bangladesh  
Dated: 09 November 2022  
DVC No: 2211090770AS464414

  
Sabbir Ahmed FCA, Partner  
ICAB Enrolment no 770  
Hoda Vasi Chowdhury & Co  
Chartered Accountants




**Bangladesh Services Limited**  
(Owner of InterContinental Dhaka)  
**Statement of Changes in Equity**  
**For the year ended 30 June 2021**

Particulars	Share capital	General reserve	Reserve for replacements	Retained earnings/ (accumulated losses)	Revaluation surplus	Total
	BDT	BDT	BDT	BDT	BDT	BDT
<b>Balance at 01 July 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>
Net profit/(loss) for the year	-	-	-	(1,109,569,843)	-	(1,109,569,843)
Allocation for replacement reserve	-	-	44,085,089	(44,085,089)	-	-
Utilisation of replacement reserve	-	-	(5,335,000)	5,335,000	-	-
Net allocation for replacement reserve	-	-	38,750,089	(38,750,089)	-	-
Revaluation of land during the year	-	-	-	-	28,483,085,486	28,483,085,486
Related deferred tax (expense)/income on revaluation surplus	-	-	-	-	(1,139,323,419)	(1,139,323,419)
<b>Balance at 30 June 2022</b>	<b>977,889,130</b>	<b>60,000,000</b>	<b>200,963,215</b>	<b>(4,816,278,065)</b>	<b>27,343,762,067</b>	<b>23,766,336,347</b>

<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)
Allocation 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>

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

  
Mohammad Atiqur Rahaman  
Managing Director

  
Tahmina Yeasmin  
Director



S. M. Tarikul Islam, PAA  
Company Secretary



**Bangladesh Services Limited**  
(Owner of InterContinental Dhaka)  
**Statement of Cash Flows**  
For the year ended 30 June 2022

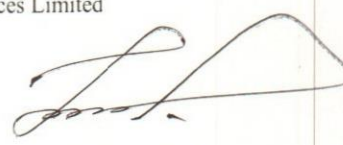
	2022 BDT	2021 BDT
<b>A. Cash flows from operating activities</b>		
Cash receipts from customers	1,193,074,913	630,156,398
Cash paid to suppliers, employees and administrative purpose	(2,045,102,099)	(1,614,737,552)
	<u>(852,027,186)</u>	<u>(984,581,153)</u>
Cash received from tenants	143,275,532	61,884,206
Cash received from other income	(31,371,002)	(24,938,445)
Bank interest receipt	120,504,031	35,778,323
	<u>232,408,562</u>	<u>72,724,083</u>
	(619,618,624)	911,857,070
Income tax paid	(41,589,745)	(26,441,805)
Gratuity paid	(127,270,129)	-
<b>Net cash from/(used in) operating activities</b>	<u><b>(788,478,498)</b></u>	<u><b>(938,298,875)</b></u>
<b>B. Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(35,452,430)	(5,016,721,681)
Capital works-in-progress	(39,034,798)	5,098,027,567
<b>Net cash from/(used in) investing activities</b>	<u><b>(74,487,228)</b></u>	<u><b>81,305,886)</b></u>
<b>C. Cash flows from financing activities</b>		
Borrowings from bank	740,256,304	782,812,412
<b>Net cash from/(used in) financing activities</b>	<u><b>740,256,304)</b></u>	<u><b>782,812,412)</b></u>
<b>D. Net changes in cash and cash equivalents (A+B+C)</b>	(122,709,422)	(74,180,578)
E. Opening cash and cash equivalents	792,284,868	866,465,446
<b>F. Closing cash and cash equivalents (D+E)</b>	<u><b>669,575,447)</b></u>	<u><b>792,284,868)</b></u>
Closing cash and cash equivalents have been arrived at as follows:		
Bank balance	664,948,687	787,658,108
Cash in hand	4,626,760	4,626,760
	<u><b>669,575,447)</b></u>	<u><b>792,284,868)</b></u>

These financial statements should be read in conjunction with annexed notes

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

  
Mohammad Atiqur Rahaman  
Managing Director

  
Tahmina Yeasmin  
Director

  
S. M. Tarikul Islam, PAA  
Company Secretary

Dhaka, Bangladesh  
DVC No: 2211090770AS464414



**Bangladesh Services Limited  
(Owner of InterContinental Dhaka)  
Notes to the financial statements  
As at and for the year ended 30 June 2022**

**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 09 November 2022.

**1.5 Reporting period**

The current financial period of the Company covers one year from 1 July 2021 to 30 June 2022 with the corresponding period 1 July 2020 to 30 June 2021.

**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 2022 the Company's current liabilities exceeded its current assets by BDT 2,849,933,886 (2021: BDT 1,435,289,377). In addition, the Company has incurred a net loss of BDT 1,109,569,843 for the year ended 30 June 2022 (2021: BDT 1,806,546,459) and net operating cash flow deficit is BDT 788,478,497 (2021: BDT 938,298,875) due to COVID 19 which has impacted the hospitality industries like ours, the company could not be achieved its target revenue as planned. 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.

Category of asset	Rate (%)
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:

- the entity's business model for managing the financial assets and
- 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.





Bangladesh Services Limited  
(Owner of InterContinental Dhaka)  
Notes to the financial statements  
As at and for the year ended 30 June 2022

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

Particulars	Cost					Depreciation			Written down value at 30 June 2022	
	At 01 July 2021	Addition/Transfer during the year	Revaluation	Disposal/Adjustment during the year	Total at 30 June 2022	Rate %	Up to 01 July 2021	Charge for the year		Disposal/Adjustment during the year
Amount in BDT										
<b>BSL Operations</b>										
Land-Minto Road (Hotel)**	1,874,514	-	26,998,125,486	-	27,000,000,000	-	-	-	-	27,000,000,000
Leasehold land-Mirpur residential Complex***	-	-	1,484,960,000	-	1,484,960,000	-	-	-	-	1,484,960,000
Building on leasehold land	5,495,261,011	1,708,909	-	-	5,496,969,920	2.5%	557,432,773	137,424,248	-	694,857,021
Admin office furniture and equipment	75,406,854	298,000	-	-	75,704,854	10%	8,114,032	7,570,485	-	15,684,517
Electrical fitting and general equipment	852,751,179	-	-	-	852,751,179	10%	85,275,118	85,275,118	-	170,550,236
Elevators	203,088,121	-	-	-	203,088,121	10%	20,308,812	20,308,812	-	40,617,624
Air-conditioning plant	504,631,746	-	-	-	504,631,746	10%	50,812,356	50,463,175	-	101,275,531
Hotel furniture and equipment	1,081,599,799	5,037,000	-	-	1,086,636,799	10%	108,358,731	108,663,680	-	217,022,411
IT and telecom equipment	499,142,894	12,763,860	-	-	511,906,754	10%	49,914,289	51,190,675	-	101,104,964
Kitchen equipment	202,525,943	-	-	-	202,525,943	10%	20,252,594	20,252,594	-	40,505,188
Laundry equipment	441,031,454	-	-	-	441,031,454	10%	44,103,145	44,103,145	-	88,206,290
Special equipment and fire alarms	202,822,343	-	-	-	202,822,343	10%	20,282,234	20,282,234	-	40,564,468
Health club equipment	197,469,344	-	-	-	197,469,344	10%	19,746,934	19,746,934	-	39,493,868
	9,757,605,202	19,807,769	28,483,085,486	-	38,260,498,457		984,601,020	565,281,102	-	1,549,882,120
<b>BSL Office Complex</b>										
Building on leasehold land	181,678,955	-	-	-	181,678,955	2.5%	112,562,193	4,541,974	-	117,104,167
Admin office furniture and equipment	1,647,897	-	-	-	1,647,897	10%	1,106,600	164,790	-	1,271,390
Electrical fittings and general equipment	47,221,945	-	-	-	47,221,945	10%	47,221,945	-	-	47,221,945
Elevators	12,872,456	90,250	-	-	12,962,706	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	15,554,411	-	-	54,594,461	10%	12,656,336	5,459,446	-	18,115,782
	391,968,255	15,644,661	-	-	407,612,916		295,926,482	10,166,210	-	306,092,692
<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 2022</b>	<b>10,213,836,675</b>	<b>35,452,430</b>			<b>38,732,374,591</b>		<b>1,344,790,720</b>	<b>575,447,311</b>		<b>1,920,238,029</b>
<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>

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

\*\*The Company's hotel and office complex are situated on 4.5 Acres of land at 1 Minto Road, Ramna, Dhaka and valued at Tk 60 million per decimal by an independent valuer M/S Syful Shamsul Alam & Co as at 30 June 2022 which is reflected above. Initially, this parcel of land was given to the Company's predecessor Pakistan Services Limited (PSL) in December 1963 on 30 years lease. Upon the emergence of Independent Bangladesh, on 26 December 1971, all properties of the erstwhile PSL was taken over by the Ministry of Commerce, Government of the Peoples' Republic of Bangladesh. Subsequently, the Ministry of Commerce in 1973 has handed over this parcel of land and along with all other assets of PSL to Bangladesh services Limited under the Ministry of Civil Aviation and Tourism (MCAT). Finally, as per the order of AC Land Ramna Circle dated 14 September 2015 this 4.5 acres of land has been recorded in the name of BSL on behalf of MCAT by creating a separate record (khatian).

\*\*\*The Company has executed a lease deed on 4th August 1975 for 24,000 square yard of land at Mirpur under Senpara Parbata Mouja with the Government for a housing plot of its employees. The lease period is 99 years starting from 1 July 1975. A portion of this land has been subsequently given to other Government agencies and presently, 185.62 decimal of land in under the custody of the Company which has been revalued at Tk 80 lac per decimal. The initial lease rent payment made by the company has been fully amortized and hence the book value of this leasehold land is considered zero.

**Bangladesh Services Limited**  
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	2022 BDT	2021 BDT
<b>4. Capital works-in-progress</b>		
Other renovation related works	10,322,094	-
	<b>10,322,094</b>	<b>-</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>		
Hotel Operation		
Stores and spares in hand		
Merchandise in transit	295,861	295,861
Linen - in use	24,880,461	14,504,359
General and other stores	<b>25,176,323</b>	<b>14,800,220</b>
<b>7. Inventories - food and beverage</b>	<b>59,214,711</b>	<b>56,145,171</b>
<b>8. Accounts receivable</b>		
Accounts receivable - trade, considered good	458,250,965	281,501,223
Accounts receivable-BICC	466,832,899	465,078,396
Accounts receivable - trade, considered doubtful	21,371,198	21,371,198
Rent receivable	85,429,104	51,826,009
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	936,116,396	936,116,398
Receivable from employees	69,187,398	34,986,742
Gross balance	2,565,828,303	2,319,520,309
Less: Provision for bad and doubtful debts on accounts receivables-trade (note 8.1)*	114,708,528	114,708,528
	<b>2,451,119,775</b>	<b>2,204,811,781</b>
Less: Contra items (note 17.1)		
Accounts receivable-BICC	466,832,899	465,078,396
Rent receivable from BICC	508,969,750	508,969,750
Expenses incurred by ICD for renovation works on behalf of BSL	936,116,396	936,116,398
	<b>1,911,919,045</b>	<b>1,910,164,544</b>
	<b>539,200,731</b>	<b>294,647,237</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	114,708,528	115,408,528
Add: Provision made during the year for ICD	-	(700,000)
Closing balance	<b>114,708,528</b>	<b>114,708,528</b>



9. **Other receivables**

Cash margin against guarantee issued by bank in favour of court relating to Mir Akhter Hossain Ltd  
 Receivable of ICD from BSL against retirement benefit  
 Receivable of ICD from BICC for rental  
 Receivable from Hotel  
 IHG reward club charges / reimbursement  
 Interest receivable  
 Sundry debtors

920,015	920,015
-	13,450,285
67,500,572	44,666,202
3,521,573	2,059,061
1,368,335	1,286,035
2,705,311	1,363,221
17,699	17,699
<u>76,033,506</u>	<u>63,762,519</u>

Less: Contra items (note 17.1)

Receivable of ICD from BICC for rental  
 Receivable from Hotel

67,500,572	44,666,202
3,521,573	2,059,061
<u><b>5,011,361</b></u>	<u><b>17,037,256</b></u>

10. **Advances, deposits and prepayments**

Advances

Advance tax for employees taxation  
 Income tax deducted at source - BSL  
 Advance to Depa (Renovation)  
 Advance against income tax  
 Advance to suppliers  
 VAT and supplementary duty - BSL  
 Advances to General Manager (ICD)  
 Advance to employees  
 Advances to others

34,681,716	34,681,716
166,668,944	125,079,199
7,487,792	7,487,792
4,274,391	4,274,391
6,759,113	6,809,113
58,842,080	58,842,080
-	62,409
3,533,430	2,670,870
12,731	12,731
<u>282,260,197</u>	<u>239,920,301</u>

Deposits

L/C and BG margin  
 Security/guarantee deposit - BSL

87,726,658	86,598,698
936,600	936,600
<u>88,663,258</u>	<u>87,535,298</u>

Prepayments

Prepaid insurance  
 Licenses and permits  
 Other expenses  
 Security expense (Ansar-VDP)  
 Workmen's compensation

805,203	678,298
2,849,288	1,827,687
68,250	2,141,433
-	-
273,921	261,169
3,996,662	4,908,587
<u><b>374,920,119</b></u>	<u><b>332,364,188</b></u>

11. **Cash and cash equivalents**

Cash in hand

4,626,760	4,626,760
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Bank balances

Short term deposit with

Agrani Bank Limited (reserve fund for replacement)\*  
 Agrani Bank Limited (gratuity and termination benefit- Hotel)  
 Agrani Bank Limited  
 Sonali Bank Limited  
 Agrani Bank Limited (BSL complex rental account)  
 Standard Chartered Bank (Hotel)

14,128,111	3,257,347
2,967,837	3,407,431
22,119,114	12,355,199
4,403,459	4,279,771
68,131,797	5,489,893
7,958,551	7,958,551
<u>119,708,869</u>	<u>36,748,191</u>

Fixed deposit with

Agrani Bank Limited  
 Bangladesh Commerce Bank Limited

385,047,054	636,760,329
9,225,005	48,085,256
<u><b>394,272,059</b></u>	<u><b>684,845,585</b></u>

Current accounts with

Agrani Bank Limited-(A/C nos. 1905, 9051, 1998, 5711 & 7325)  
 Agrani Bank Limited - dividend account

150,967,759	66,064,331
150,686,784	65,782,516
280,975	281,815
<u><b>669,575,447</b></u>	<u><b>792,284,868</b></u>

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



**12. Share capital**

**12.1 Authorised:**

250,000,000 ordinary shares of BDT 10 each 2,500,000,000 2,500,000,000

**12.2 Issued, subscription and paid up:**

4,741,993 ordinary shares of BDT 10 each issued for consideration other than cash  
4,258,007 ordinary shares of BDT 10 each issued in cash  
88,788,913 ordinary shares of BDT 10 each issued as bonus shares

47,419,930	47,419,930
42,580,070	42,580,070
<b>887,889,130</b>	<b>887,889,130</b>
<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
		<b>97,788,913</b>	<b>977,889,130</b>	<b>100</b>

**12.4 Classification of shareholders by holding:**

Holding of shares	2022		2021	
	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	
100001 and above	1		1	

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

Opening balance	162,213,126	152,868,726
Add: Charged to operation during the year	44,085,089	18,642,932
Less: Amount utilisation during the year	5,335,000	9,298,532
Closing balance	<b>200,963,215</b>	<b>162,213,126</b>

The reserve fund is created for 4% of the Hotel Revenue as per the Management Agreement with the operation. This fund is non distributable and only to be used for the procurement of Assets required for Hotel operation.

**14 Revaluation surplus**

Opening balance	-	-
Revaluation of land during the year	28,483,085,486	-
Less: Related deferred tax (expense)/income on revaluation surplus	1,139,323,419	-
	<b>27,343,762,067</b>	<b>-</b>

As mentioned in note 3 during the year the Company has changed its basis of accounting for Land from cost to Revaluation model. The Company has appointed an independent valuer M/s. Syful Shamsul Alam & Co. The valuation report resulted revaluation surplus of Tk. 28,483,085,486 on which deferred tax liability @ 4% has been calculated.

**15. 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	235,148,167	92,421,596
Deferred tax expenses/(income) recognised in profit or loss	92,845,743	-
Deferred tax expenses/(income) recognised in other comprehensive income	1,139,323,419	142,726,571
Closing balance	<b>1,467,317,329</b>	<b>235,148,167</b>



Deferred tax liability is arrived at as under:

	Carrying amount	Tax base	Taxable / (deductible) temporary difference
<u>30 June 2022</u>			
Property, plant and equipment	8,327,176,562	6,814,078,691	1,513,097,870
Deferred liability for gratuity	(55,347,161)	-	(55,347,161)
Taxable/ (deductible) temporary difference	8,271,829,400	6,814,078,691	1,457,750,709
Applicable rate			22.50%
			327,993,910
Land on revaluation surplus	28,483,085,486	-	1,139,323,419
Deferred tax liability/ (asset)-A			<b>1,467,317,329</b>
<u>30 June 2021</u>			
Property, plant and equipment	88,869,045,955	7,645,622,981	1,223,422,974
Deferred liability for gratuity	(178,320,014)	-	(178,320,014)
Taxable/ (deductible) temporary difference	4,259,966,526	3,890,280,146	1,045,102,961
Applicable rate			22.50%
Deferred tax liability/ (asset)-B			<b>235,148,167</b>

**16. Long term secured loan**

Agrani Bank- renovation loan  
Interest during construction period

5,739,025,000	5,613,920,000
3,814,646,094	3,281,166,220
<b>9,553,671,094</b>	<b>8,895,086,220</b>

**16.01 Non-current loans and borrowings**

Agrani Bank- renovation loan

8,898,871,094	8,158,614,791
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**16.2 Non-current loans and borrowings**

Agrani Bank- renovation loan

654,800,000	736,471,429
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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 8.50%. Leasehold land and building of the Company along with renovation work/materials are mortgaged/hypothecated against this loan. As per the revised repayment schedule the Company is obligated to pay Tk. 16.37 crore each quarter.

**17. Deferred customs tariff**

Chittagong Customs  
ICD Kamalapur Customs  
Dhaka Airport Customs  
Beanpole Customs

544,578,675	544,578,675
43,638,152	43,638,152
173,410,209	173,410,209
3,443,097	3,443,097
<b>765,070,133</b>	<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 upto July 2022.

**18. Accounts payable**

For goods  
Liquidated damage for renovation works  
For expenses (note 18.1)  
For other finance (note 18.2)

74,845,235	144,583,974
150,524,109	150,524,109
1,847,820,271	1,714,584,028
543,608,708	534,034,363
<b>2,616,798,322</b>	<b>2,543,726,475</b>



18.1 Accounts payable for expenses

BICC rent payable to BSL*	508,969,750	508,969,750
Expenses incurred by ICD for renovation works on behalf of BSL	936,116,396	936,292,802
Provision for retirement benefits	73,385,899	66,113,905
Salaries, wages, bonus gratuity and other benefits	73,395,790	74,694,123
Accrued expenses	100,923,935	96,623,935
Accrual for BICC rent payable to PWD*	1,038,350,000	1,038,350,000
Accrual for BICC profit share payable to PWD (50% from Jan-Jun 2020)	145,611,625	86,206,403
Accrual for Balaka rent	1,666,251	1,666,251
Accrual for insurance	1,327,560	1,327,560
Accrual for social sports	4,311,017	4,311,017
Municipality tax	19,277,511	16,068,414
Indebtness to operator and its affiliates	48,577,967	25,376,738
Utility service for Hotel operation	9,328,680	8,305,559
Utility bills for BSL Office Complex	40,125	40,125
Other professional services fee	(195,000)	250,000
Software maintenance fee	289	289
Legal and professional charges	450,000	450,000
Consultancy fee	464,950	758,200
VAT payable	480	480
Crew allowance	800,000	800,000
Dues and subscription	280,973	280,973
Payable to ICD by Hotel	3,521,573	2,059,060
Payable to BICC by BSL	466,832,899	465,078,396
Other payable	67,500,569	44,666,202
Taxes, deposits and other creditors-ICD	170,782,177	120,523,034
Advance from clients ICD	4,957,767	3,403,123
Other current liabilities ICD	154,082,276	168,857,496
	3,830,761,457	3,671,473,834

Less: Contra items (note 8)

BICC rent payable to BSL	508,969,750	508,969,750
Expenses for renovation made by ICD on behalf of BSL	936,116,396	936,116,398
Payable to BICC by BSL	466,832,899	465,078,396
Payable to ICD by Hotel	3,521,573	2,059,060
Accrual for BICC rent payable to PWD	67,500,569	44,666,202
	1,982,941,187	1,956,889,806
	1,847,820,271	1,714,584,028

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

18.2 Creditors for other finance

VAT and supplementary duty *	285,025,673	279,846,967
Lease and other security deposit	14,796,482	15,121,482
Service charge unadjusted with project cost	224,030,904	219,016,420
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	(151,369)	(149,972)
Tips payable	147,883	147,883
UNICEF donation received from guests	4,971	4,971
Union subscription	30,200	30,200
Other finance creditors	(165,632)	(43,403)
Liabilities for LOC	704,591	704,591
Other creditors	(79,919)	90,310
	543,608,708	534,034,363

\* 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.



## Hoda Vasi Chowdhury & Co

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

Earnest money  
Advance rent received  
Retention money received  
Rental security deposit  
Security money received from contractors

400,000	400,000
1,149,132	3,300,275
7,885,713	8,496,973
7,163,390	5,627,858
130,441,674	158,543,119
<b>147,039,909</b>	<b>176,368,225</b>

**20. Provision for taxation**

Opening balance  
Add: Provision made during the year  
  
Less: Payments made during the year  
Closing balance

21,762,852	39,410,224
73,823,201	(17,647,373)
95,586,053	21,762,852
-	-
<b>95,586,053</b>	<b>21,762,852</b>

\*Calculation of tax liability

A. 0.60% of gross receipt  
B. 22.5% on profit before tax  
C. AIT paid during the year

7,948,398  
None, since loss  
166,668,944

Tax liability (higher of A, B and C)

Current tax  
Deferred tax

166,668,944	125,079,199
166,668,944	125,079,199
-	-

**21. Deferred liability for gratuity**

Opening balance  
Add: Provision made during the year

Less: Payment made during the year to outgoing members  
Closing balance

178,320,014	164,457,918
4,297,276	13,862,096
182,617,290	178,320,014
127,270,129	-
<b>55,347,161</b>	<b>178,320,014</b>

During the year the Company has created a separate fund for its Gratuity and accordingly a portion of Fund has been

**22. Revenue**

Rooms  
Food and beverage  
Rental and others

265,283,705	90,722,290
752,113,735	371,129,304
84,729,760	36,394,473
<b>1,102,127,200</b>	<b>498,296,066</b>



**Bangladesh Services Limited**  
**(Owner of InterContinental Dhaka)**  
**Notes to the financial statements**  
**As at and for the year ended 30 June 2022**

				2022	2021
				BDT	BDT
23. Operating cost	Rooms	Food and beverage	Minor operating departments	Total	Total
Salaries, wages, bonus, gratuity and other benefits	47,534,783	84,658,862	6,264,797	138,458,443	106,089,701
Decoration	398,263	705,970	5,433	1,109,666	1,159,094
and other expenses	-	242,837,840	2,860,282	245,698,121	127,262,548
Operating supplies	12,069,480	16,718,074	112,601	28,900,156	19,165,004
Menus cost	-	68,700	-	68,700	-
Postage and courier	-	-	-	-	(15,000)
Balaka restaurant rent & uniforms	4,147,243	44,468,202	-	44,468,202	43,750,969
Limousine expenses	303,293	-	-	303,293	85,901
Complimentary guest services	3,185,223	-	2,052	3,187,275	1,037,038
Printing and stationery	991,242	3,446,146	11,176	4,448,565	2,796,230
Entertainment	387,847	73,528	-	461,375	594,373
Contract service	-	-	-	-	-
Equipment rent	4,698,732	41,875	-	4,740,607	5,264,381
In-house TV, video, music, etc.	4,199,848	1,114,035	-	5,313,883	3,457,493
Room commission	12,139,916	-	-	12,139,916	3,562,112
Travel and communication	70,791	217,559	-	288,349	157,445
Fuel and power	-	5,916,980	-	5,916,980	3,925,425
Training	-	-	-	-	(110,000)
Unif	388,064	725,463	50,422	1,163,949	987,447
Permits and licenses	2,063,589	505,096	-	2,568,685	1,155,191
Others	66,403	343,585	3,952	413,940	192,029
	<u>92,644,717</u>	<u>404,431,579</u>	<u>9,326,306</u>	<u>506,402,603</u>	<u>323,844,049</u>
<b>24. Hotel administrative and other expenses</b>					
Operators and its affiliated company fees (note 24.1)				47,407,280	9,965,921
Heat, light and power (note 24.2)				75,040,026	77,427,495
Administrative and general expenses (note 24.3)				90,961,574	70,214,282
Advertising, promotion and public relations (note 24.4)				41,269,671	29,229,211
Repairs and maintenance (note 24.5)				52,644,198	32,413,045
Information and telecomm (note 24.6)				22,933,080	18,416,746
RBH hotel expenses (note 24.7)				51,069,702	-
				<u>381,325,532</u>	<u>237,666,700</u>
<b>24.1 Operators and its affiliated company fees</b>					
License fee				25,960,649	9,965,921
Incentive management fee				21,446,631	-
				<u>47,407,280</u>	<u>9,965,921</u>
<b>24.2 Heat, light and power</b>					
Utilities				75,040,026	77,427,495
				<u>75,040,026</u>	<u>77,427,495</u>



## 24.3 Administrative and general expenses

Salaries, wages, bonus, gratuity and other benefits
Credit card commission
Security
Bad debts
Operating supplies
Travelling expenses
Legal and professional charges
Printing and stationery
Entertainment
Professional services fee
Uniforms
Dues and subscriptions
Training and training related expenses
Relocation expenses
Licenses and taxes
Ownco expenses

53,892,350	37,706,737
8,205,391	4,685,659
3,673,393	11,389,174
-	(700,000)
82,166	527,333
1,016,591	182,618
1,042,539	1,050,950
1,852,692	1,747,629
701,721	1,908,218
468,768	203,800
231,458	194,132
97,500	314,144
2,173,896	3,096,815
5,116,226	1,680,288
6,714,150	1,711,002
5,692,733	4,520,777
<u>90,961,574</u>	<u>70,214,282</u>

## 24.4 Advertising, promotion and public relations

Salaries, wages, bonus, gratuity and other benefits
Signage, events and functions
Entertainment
Travelling
Print newspapers
Marketing assessment fees
IHG rewards club assessment
Others

15,688,212	12,651,897
6,320,691	7,878,550
2,793,801	1,794,954
317,984	368,822
554,671	225,714
4,914,548	1,593,717
8,364,325	3,811,018
2,315,439	904,539
<u>41,269,671</u>	<u>29,229,211</u>

## 24.5 Repair and maintenance

Salaries, wages, bonus, gratuity and other benefits
Removal of waste
IT - repair and maintenance
Water treatment
Electric bulbs/electrical
Uniforms
Licenses and taxes
Pest control
Operating supplies
Travelling - local
Others

23,524,908	18,236,005
25,077	645,889
22,708,758	10,044,485
316,916	345,751
2,565,731	400,692
164,466	141,473
562,283	598,411
1,050,100	745,124
1,359,218	974,136
54,498	23,455
312,243	257,625
<u>52,644,198</u>	<u>32,413,045</u>

## 24.6 Information and telecomm

IT direct expenses
Salaries, wages, bonus, gratuity and other benefits
Operating supplies
Entertainment
Licenses and taxes
Travelling and conference
Printing and stationery
Operating supplies
Others

17,331,761	13,989,859
4,991,908	4,070,703
383,675	94,379
15,382	5,817
72,350	73,423
-	100,000
24,695	23,619
329	20,329
112,981	38,618
<u>22,933,080</u>	<u>18,416,746</u>

## 24.7 RBH hotel expenses

Salaries, wages, bonus, gratuity and other benefits
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51,069,702	-
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## 25. BSL administrative and other expenses

Depreciation
Rates and taxes
Insurance
Other expenses BSL (note 25.1)

575,447,311	572,100,170
16,403,091	427,440
9,489,414	11,048,849
44,981,069	238,025,873
<u>646,320,885</u>	<u>821,602,332</u>



## 25.1 Other expenses BSL

Salaries, wages, bonus, gratuity and other benefits	30,825,922	40,376,610
Entertainment	500,240	15,730
Directors' remuneration	2,125,600	1,962,000
Bank charge and levy	1,968,531	1,516,586
Legal and consultancy fee	799,900	1,408,485
CDBL expenses	165,800	170,400
Advertisement	2,513,397	1,527,066
Auto maintenance	2,697,652	21,787
Cable and postage	957,062	637,347
Stock exchange listing fee	488,945	488,945
Subscripstin to BAPLC	50,000	150,000
Donation	173,412	49,653
Office maintenance	515,888	404,800
Printing and stationery	134,664	106,474
Medical expenses	403,392	426,145
AGM expenses	244,730	146,878
Tourism related expenses	33,986	5,800
Training expense	650,500	303,410
Others	(268,552)	(83,241)
Supplementary duty charge	-	188,390,998
	<u>44,981,069</u>	<u>238,025,873</u>

## 26. Interest income

Interest on bank deposits	120,504,031	35,778,323
Rental income from staff quarter	9,406,170	5,887,235
Income from sale of scraped items of fixed assets	14,620,990	1,916,000
Non-operating income	222,000	240,805
	<u>144,753,191</u>	<u>43,822,363</u>

## 27. Rental income from BSL office complex

Rental income	98,730,735	69,095,514
<u>Less: Expenses on complex</u>		
Electricity and fuel	16,771,165	14,618,785
Salaries, wages, bonus, gratuity and other benefits	13,641,584	12,213,319
Cleaning and maintenance	21,210,468	11,041,734
Conveyance and medical expenses	1,277,646	457,695
	<u>52,900,863</u>	<u>38,331,532</u>
	<u>45,829,873</u>	<u>30,763,982</u>

## 28. Income/(loss) from BICC

Revenue	301,898,112	53,442,960
Cost of sales	84,413,539	20,885,693
	<u>217,484,573</u>	<u>32,557,267</u>
<u>Less: Expenses</u>		
Utility	24,631,283	15,064,667
Maintenance	16,639,335	14,400,584
Administrative and general	84,041,564	90,627,810
Advertisement	744,438	605,864
	<u>126,056,620</u>	<u>120,698,924</u>
	<u>91,427,953</u>	<u>(88,141,657)</u>
<u>Less: Share of profit/(loss) to PWD (50% from Jan to Jun 2019)</u>	<u>59,405,223</u>	<u>322,528</u>
Net profit for the year	<u>32,022,731</u>	<u>(88,464,185)</u>

## 29 Finance cost

Interest expenses	733,584,874	782,772,408
*The Company has calculated the finance expenses on accrual basis which has not been done in prior years.		

## 30. Remuneration to directors

Board meeting	1,032,000	840,000
FAC meeting	228,000	96,000
Audit committee	291,000	192,000
PENC committee	215,000	230,000
Other meetings	119,600	292,000
Nomination & Remuteration Committee (NRC)	240,000	312,000
Fee to directors	<u>2,125,600</u>	<u>1,962,000</u>



**31. Salaries, wages, bonus, gratuity and other benefits**

Salaries, wages, bonus, gratuity and other benefits of 2022 is BDT 461,488,755 (2021: BDT 233,306,973) appearing in these financial statements of various departments.

**32. Capacity**

**32.1 Capacity of the hotel**

Total rooms available to the customers during the month of June 2022	6780
Total % of actual occupancy of rooms during the month of June 2022	55.70%
Total actual % of occupancy of rooms during the year to 30 June 2022	42.20%

<b>2022</b>	<b>2021</b>
BDT	BDT

**32.2 Capacity of BSL office complex**

Total area of space available to let out at 30 June 2022	61,879	61,879
Total area in use as of 30 June 2022	58,292	58,249

**33. Remittance of foreign currency**

	2022	2021	2022	2021
	USD	USD	BDT	BDT
Expatriates salaries and benefits	63,785	123,195	5,960,753	10,493,974
IHG fees	480,835	90,909	44,934,012	10,206,915
Training fee	1,647	-	153,870	-
Travel agent fee	12,775	18,652	1,193,870	2,154,323
Software maintenance fee	54,128	47,593	5,058,268	5,824,184

**34. Contingent liabilities and claims**

**A. Letter of guarantees**

<b>9,200,346</b>	<b>9,200,346</b>
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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:

- i. The Company shall pay to government treasury the entire amount of VAT amounting to Taka 6,676,914 to the contractor as deducted from the invoices.
- ii. The contractor is also entitled to claim damages to the extend of Taka 2,196,677 for payment of its invoices by the Company.

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.

#### E. Demand for City tax on Room rent

Dhaka South City Corporation has claimed City Tax @5% of room rental collected from guests for the period from 1 December 2018 on the basis of Clause 9 of City Corporation Ideal Tax Schedule. However, given the COVID 19 Pandemic and delay in post renovation reopening the Company has raised an objection for imposition of this tax. The matter is in dispute between the Company and Dhaka South City Corporation.

#### 35. Number of employees

Total number of employees engaged for the whole year or part thereof are 558 among which who received a total monthly remuneration of BDT 36,000 and above were 68.

	2022 BDT	2021 BDT
<b>36. Earnings per share (EPS)</b>		
<b>36.1. Basic earnings per share</b>		
Earnings attributable to the ordinary shareholders	(1,109,569,843)	(1,806,546,459)
Weighted average number of shares outstanding	97,788,913	97,788,913
Basic earnings per share	(11.35)	(18.47)

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."

#### 36.2. 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.

#### 37. Events after the reporting period

The Board of Directors of the company has not recommended any dividend for the year ended 30 June 2022.



**Bangladesh Services Limited**  
**(Owner of InterContinental Dhaka)**  
**Notes to the financial statements**  
**As at and for the year ended 30 June 2022**

### 38 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

#### 38.1 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:

	2022 BDT	2021 BDT
Cash and cash equivalents	669,575,447	792,284,868
Accounts receivable	539,200,731	294,647,237
Other receivables	5,011,361	17,037,256
Advances, deposits and prepayments	374,920,119	332,364,188
	<b>1,588,707,657</b>	<b>1,436,333,548</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 fails 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.

#### 38.2 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 2022	Within 12 months	More than 12 months	Carrying amount as on 30 June 2021
	BDT	BDT	BDT	BDT
Long term loan	9,553,671,094	654,800,000	8,898,871,094	8,895,086,220
Accounts payable	2,616,798,322	2,616,798,322	-	2,543,726,475
Provision for income tax	95,586,053	95,586,053	-	21,762,852
Liability for gratuity	55,347,161	55,347,161	-	178,320,014
Deferred customs tariff	765,070,133	765,070,133	765,070,133	765,070,133
Advance rent, security deposits	147,039,909	147,039,909	-	176,368,225
Unpaid dividend	-	-	-	307,688
<b>Total</b>	<b>13,233,512,673</b>	<b>4,334,641,579</b>	<b>9,663,941,226</b>	<b>12,580,641,606</b>



As at 30 June 2022, 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.

### 38.3 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.

### 38.4 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.

### 38.5 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.

### 39 Other information

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

	2022 BDT	2021 BDT
Profit/(loss) before tax	(942,900,899)	(1,681,467,261)
<b>Adjustment for non-cash items :</b>		
Depreciation	575,447,311	572,100,170
Gratuity provision made/(reversed)	4,297,276	13,862,096
Reserve for replacements, substitutions and additions to furniture and equipment	38,750,089	9,344,400
Provision for bad and doubtful debts	-	(700,000)
	618,494,676	594,606,666

	2022 BDT	2021 BDT
<b>Changes in working capital components:</b>		
(Increase)/Decrease in inventories - spares and general stores	(10,376,103)	(9,996,912)
(Increase)/Decrease in inventories - food and beverage	(3,069,540)	11,292,844
(Increase)/Decrease in accounts receivable	(244,553,494)	91,588,813
(Increase)/Decrease in other receivable	12,025,895	15,197,057
(Increase)/Decrease in advances, deposits and prepayments	(42,555,931)	(74,040,991)
Increase/(Decrease) in accounts payable	(81,671,429)	62,816,943
Increase/(Decrease) in advance rent receipt	73,452,667	(110,318,127)
Increase/(Decrease) in rental security deposit receipt	1,535,532	72,900
Increase/(Decrease) Provision for supplementary duty	-	188,390,998
	(295,212,402)	175,003,526
Operating cash flow before gratuity and tax payments	(619,618,624)	(911,857,070)
Income tax paid	(41,589,745)	(26,441,805)
Gratuity paid	(127,270,129)	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(788,478,497)</b>	<b>(938,298,875)</b>

#### 39.2 Net operating cash flows per share (NOCFPS)

Net operating cash flows	(788,478,497)	(938,298,875)
Weighted average number of ordinary shares outstanding	97,788,913	97,788,913
Net operating cash flows per share	<b>(8.06)</b>	<b>(9.60)</b>

#### 39.3 Net assets value (NAV) per share

Net assets' as at 30 June 2021 (represented by equity)	(3,577,425,720)	(2,467,855,878)
Weighted average number of ordinary shares outstanding	97,788,913	97,788,913
Net assets value per share	<b>(36.58)</b>	<b>(25.24)</b>

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

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





39.6 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



Mohammad Atiqur Rahaman  
Managing Director



Tahmina Yeasmin  
Director



S. M. Tarikul Islam, PAA  
Company Secretary

Dhaka, Bangladesh  
Dated: 09 November 2022

