

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

**Auditor's report and financial statements
for the year ended 30 June 2023**

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 2023, 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 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

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) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 5,717,081,261 and current assets deficit of Tk 3,819,833,771 as at 30 June 2023 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

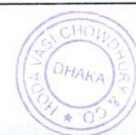
We draw attention to Note 3.00 of the financial statements, which describes matters related to the revaluation and ownership of the Company's land. We also draw attention to Note 34.00 of the financial statements where management has explained the circumstances of various contingent claims including 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.



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
Valuation of property, plant and equipment (PP&E) including revaluation of land and impairment assessment of other items of PP&E	
<p>In prior 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 a number of local and global macro-economic factors such as conflicts between Ukraine-Russia and Middle-East, fluctuations in commodity price, slow-down in economic activities, high inflation, exchange rate volatility etc. as well as 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&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 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 & 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	



Revenue recognition and valuation of receivables

The Company has diversified revenue streams such as hotel operation (room, food & beverage, and other department), 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.

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.

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

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.

Therefore, we have considered this area as a key audit matter.

We have tested the design and operating effectiveness of key controls focusing on the following:

- Understanding of various revenue streams and related operational matters;
- 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.
- Periodic balance confirmation from debtors;
- Monitoring process for overdue receivables; and
- Company's policy of creating provision against overdue receivables and periodic write off in line with IFRS 9.

Our substantive procedures in relation to the assessing valuation of receivables comprises the following:

- Reconciliation of debtors ageing to general ledger;
- Conducting cut-off testing at the year-end;
- Reviewing subsequent receipt of receivables balance;
- Recalculation of provision for trade receivables as required by IFRS 9 and compared against actual write off/loss on repossession in prior periods.

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.

See note number 8 for details



Income tax matters	
<p>The Company being a listed company is subject to lower corporate tax rate. However, as per Section 163 of the Income Tax Act 2023 (previously 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 dispute 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 reported its various tax balances as well as disputes with tax authority in notes 2.7, 14 and 34 of the financial statements.</p>	<p>Our audit approach included a combination of controls testing, analysis of related data and substantive procedures covering the following:</p> <ul style="list-style-type: none"> • obtaining an understanding, evaluating the design and testing the operational effectiveness of the Company's key controls over the recognition and measurement of current tax position as well as deferred tax assets and liabilities; • assessing the completeness and accuracy of the data used for the estimations of future taxable income; • evaluating the reasonableness of key assumptions, timing of reversal of temporary differences and expiration of tax loss carried forward, recognition and measurement of deferred tax assets and liabilities; • assessing the adequacy of the Company's income tax provision and VAT liability in relation to the ongoing disputes and discuss with management about the position it has taken on these disputes; and • assessing the appropriateness and presentation of disclosures under IAS 12 "Income Taxes".

Defined benefits plan	
<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.</p> <p>In addition to that, the Company operates another unfunded retirement benefit scheme.</p> <p>These results in the Company having a constructive obligation to</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"> • obtaining sufficient audit evidence to conclude that the inputs and methodologies used to determine the liability for both defined benefit plans; • assessing the design and operating effectiveness of the Company's key controls supporting the identification, measurement and oversight of valuation of the defined benefits payable provision;

<p>pay the benefits. Consequently, the Company is required to recognize the liability related to such benefits.</p> <p>Methodologies applied in the calculation of the benefits payable to members are disclosed in notes 2.5 and 21 to the financial statements which include liability for retirement benefit provision. Therefore, defined benefits payable provision is considered as a key audit matter.</p>	<ul style="list-style-type: none"> • examining the basis on which retirement benefit is payable to the employee and is worked out the liability for gratuity on the presumption that all employees retire on the balance sheet date; • ensuring that the basis of computing retirement benefit is valid; verify the computation of liability on aggregate basis; • checking the amount of retirement benefit paid to employees who retired during the year with reference to the number of years of service rendered by them; • testing the employees data used in calculating obligation, assessing the appropriateness and presentation of disclosures against IAS 19 "Employee Benefits". • The Company has not conducted any actuarial assessment of its gratuity obligation and retirement benefit. However as per internal assessment management consider that the current liability will be adequate to cover its obligation.
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<p>Loans and borrowings</p>	
<p>As at reporting date, the Company had total loans and borrowings of BDT 9,523,512,145 representing 62% 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 disclosures 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 including repayment.</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 the Company's Hotel operation suffered and as a result it could not able to pay all loan installments.</p> <p>The Company is also in discussion with the lender bank about restructuring the loan facility as well as seeking waiver of interest charged by the bank on multiple grounds. However, no agreement has been reached yet.</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 2, 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 and statement of profit or loss and other comprehensive income 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.



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

Dhaka, 08 November 2023
DVC No: 2311080770AS694412




Bangladesh Services Limited
(Owner of InterContinental Dhaka)
Statement of Financial Position (Balance Sheet)
As at 30 June 2023


	Notes	30 June 2023 BDT	30 June 2022 BDT
Assets			
Non-current assets			
Property, plant and equipment	3	36,359,872,198	36,812,136,562
Capital works-in-progress	4	-	10,322,094
Guarantee deposits	5	165,000,000	160,000,000
		36,524,872,198	36,982,458,656
Current assets			
Inventories - spares and general stores	6	36,682,840	25,176,323
Inventories - food and beverage	7	55,430,344	59,214,711
Accounts receivable	8	765,019,660	539,200,731
Other receivables	9	15,587,020	5,011,361
Advances, deposits and prepayments	10	421,954,169	374,920,119
Cash and cash equivalents	11	391,540,422	669,575,447
		1,686,214,455	1,673,098,691
		38,211,086,653	38,655,557,346
Total assets			
Equity and liabilities			
Equity			
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	244,451,128	200,963,215
Retained earnings/(accumulated losses)		(5,717,081,261)	(4,816,278,065)
Equity without revaluation		(4,434,741,002)	(3,577,425,720)
Revaluation surplus	14	27,343,762,067	27,343,762,067
Equity with revaluation		22,909,021,065	23,766,336,347
Non-current liabilities			
Deferred tax liability	15	1,499,824,437	1,467,317,329
Loans and borrowings non current portion	16.1	8,296,192,925	8,898,871,094
		9,796,017,362	10,366,188,423
Current liabilities			
Loans and borrowings current portion	16.2	1,227,319,220	654,800,000
Accounts payable	18	2,973,758,003	2,616,798,322
Advance rent, security deposits and earnest money	19	127,989,620	147,039,909
Deferred customs tariff	17	817,077,065	765,070,133
Provision for taxation	20	132,904,135	95,586,053
Provision for supplementary duty		170,696,477	188,390,998
Liability for retirement benefits	21	56,303,706	55,347,161
		5,506,048,226	4,523,032,577
		38,211,086,653	38,655,557,346
Total equity and liabilities			
NAVPS with revaluation		234.27	243.04
NAVPS without revaluation		(45.35)	(36.58)


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


Manoj Kumar Roy
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: 08 November 2023
DVC No: 2311080770AS694412

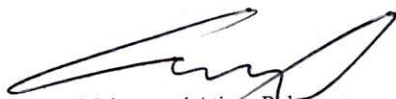


**Bangladesh Services Limited
(Owner of InterContinental Dhaka)
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023**


	Notes	2023 BDT	2022 BDT
Revenue	22	1,690,474,155	1,102,127,200
Operating cost	23	(755,342,446)	(506,402,603)
Gross profit		935,131,709	595,724,597
Hotel administrative and other expenses	24	(484,667,950)	(381,325,532)
BSL administrative and other expenses	25	(648,293,996)	(646,320,885)
		(1,132,961,946)	(1,027,646,417)
Profit/(loss) from operations		(197,830,238)	(431,921,820)
Other income	26	42,176,189	144,753,191
Rental income from BSL office complex	27	45,412,475	45,829,873
Income/(loss) from BICC	28	41,901,287	32,022,731
Finance cost		(719,149,805)	(733,584,874)
Profit/(loss) before tax		(787,490,092)	(942,900,899)
Income tax expense			
Current tax	20	37,318,082	73,823,201
Deferred tax	15	32,507,108	92,845,743
		69,825,190	166,668,944
Profit/(loss) for the year		(857,315,282)	(1,109,569,843)
Other comprehensive income			
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
Total comprehensive income/(loss) for the year		(857,315,282)	26,234,192,224
Earnings per share (EPS)	36	(8.77)	(11.35)

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 Rahman
Managing Director


Manoj Kumar Roy
Director
See annexed report of the date


S. M. Tarikul Islam, PAA
Company Secretary

Dhaka, Bangladesh
Dated: 08 November 2023
DVC No: 2311080770AS694412


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 2023

Particulars	Share capital	General reserve	Reserve fund for replacements	Retained earnings/ (accumulated losses)	Revaluation surplus	Total
	BDT	BDT	BDT	BDT	BDT	BDT
Balance at 01 July 2022	977,889,130	60,000,000	200,963,215	(4,816,278,065)	27,343,762,067	23,766,336,347
Net profit/(loss) for the year	-	-	-	(857,315,282)	-	(857,315,282)
Allocation for replacement reserve	-	-	67,618,966	(67,618,966)	-	-
Utilisation of replacement reserve	-	-	(24,131,053)	24,131,053	-	-
Net allocation for replacement reserve	-	-	43,487,913	(43,487,913)	-	-
Balance at 30 June 2023	977,889,130	60,000,000	244,451,128	(5,717,081,261)	27,343,762,067	22,909,021,066
Balance at 01 July 2021	977,889,130	60,000,000	162,213,126	(3,667,958,133)	-	(2,467,855,878)
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)
Balance at 30 June 2023	977,889,130	60,000,000	200,963,215	(4,816,278,065)	27,343,762,067	23,766,336,347



**Bangladesh Services Limited
(Owner of InterContinental Dhaka)
Statement of Cash Flows
For the year ended 30 June 2023**

	Notes	2023 BDT	2022 BDT
A. Cash flows from operating activities			
Cash receipts from customers		1,868,716,301	1,193,074,913
Cash paid to suppliers, employees and administrative purpose		(2,149,612,515)	(2,045,102,099)
		<u>(280,896,215)</u>	<u>(852,027,186)</u>
Cash received from tenants		113,711,796	143,275,532
Cash received from other income		11,260,315	(31,371,002)
Bank interest receipt		28,830,593	120,504,031
		<u>153,802,704</u>	<u>232,408,562</u>
		(127,093,511)	(619,618,624)
Income tax paid		(37,318,082)	(41,589,745)
Retirement benefits paid		(6,586,420)	(127,270,129)
Net cash from/(used in) operating activities		<u>(170,998,013)</u>	<u>(788,478,498)</u>
B. Cash flows from investing activities			
Acquisition of property, plant and equipment		(128,619,249)	(35,452,430)
Capital works-in-progress		(8,576,712)	(39,034,798)
Net cash from/(used in) investing activities		<u>(137,195,961)</u>	<u>(74,487,228)</u>
C. Cash flows from financing activities			
Borrowings from bank (net of repayment)	16	30,158,950	740,256,304
Net cash from/(used in) financing activities		<u>30,158,950</u>	<u>740,256,304</u>
D. Net changes in cash and cash equivalents (A+B+C)		(278,035,025)	(122,709,422)
E. Opening cash and cash equivalents		669,575,447	792,284,868
F. Closing cash and cash equivalents (D+E)		<u>391,540,422</u>	<u>669,575,447</u>
Closing cash and cash equivalents have been arrived at as follows:			
Bank balance		386,115,422	664,948,687
Cash in hand		5,425,000	4,626,760
		<u>391,540,422</u>	<u>669,575,447</u>

These financial statements should be read in conjunction with annexed notes



**Bangladesh Services Limited
(Owner of InterContinental Dhaka)
Notes to the financial statements
As at and for the year ended 30 June 2023**

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 30 years 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 2020 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 08 November 2023.

1.5 Reporting period

The current financial period of the Company covers one year from 1 July 2022 to 30 June 2023 with the corresponding period 1 July 2021 to 30 June 2022.

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 2023 the Company's current liabilities exceeded its current assets by BDT 3,819,833,771 (2022: BDT 2,849,933,886). In addition, the Company has incurred a net loss of BDT 857,315,282 for the year ended 30 June 2023 (2022: BDT 1,109,569,843) and net operating cash flow deficit is BDT 170,998,013 (2022: BDT 788,478,498) due to post COVID 19 impact, conflicts in between Russia-Ukraine and in the Middle East and other macro economic challenges both at home and abroad, the hospitality industries like 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. The Company is negotiating with its lender for the restructure of the loan with longer repayment term as well as waiver of interest. 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 as follows:

- Note 3 : Property, plant and equipment
- Note 8 : Provision an accounts receivable
- Note 18: Other provision and accruals
- Note 20: Income tax provision
- Note 34: Contingent liabilities

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, 2020.

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.

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

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.

<u>Category of asset</u>	<u>Rate (%)</u>
Building on leasehold land	2.5%
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.

2.3 IFRS 16: Lease

At initial application for IFRS 16: Lease, the Company chose, on a lease by lease basis, to measure lease liability at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate and recognise the right-of-use assets at an amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. The Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices to measure the lease liability at initial application.

Currently the Company has assessed all its leasehold properties and conclude that all agreement fall under low value or short lives items.

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.

Defined retirement benefit plan

The Company operates another unfunded retirement benefit scheme. These results in the Company having a constructive obligation to pay the benefits. Consequently, the Company is required to recognize the liability related to such benefits.

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 Income Tax Act 2023. Tax assessments of the Company have been finalised up to the assessment year 1999-2000. Assessment for the subsequent years are pending at various levels of assessing authority as well as at appeal stages. For these pending assessments additional demand has been raised by the Tax authority which the Company has disputed. However, no provision has been made for these disputed additional amount claimed by the tax authority as the Company has reasonable grounds to believe its appeal against such unjust additional demand will be ultimately successful and these would be set aside at the time disposal of final appeal.

Deferred tax

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

2.8 Provisions and contingencies

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

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

2.9 Financial instruments

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

(a) Financial assets

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

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

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

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

Amortised cost

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

At fair value through profit or loss

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



At fair value through other comprehensive income

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

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

(i) Cash and cash equivalents

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

(ii) Trade and other receivables

Accounts receivable at the balance sheet date are stated at receivable amount. Provision for bad and doubtful debt is made following the simplified model on lifetime expected credit loss as per IFRS 9.

(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 2023, 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

Revenue from Hotel Operations

Revenue include income of any kind derived directly or indirectly from operations at the hotel determined in accordance with the revenue recognition criteria specified in IFRS 15, which is essentially when the goods is supplied and/or service is provided to the customer. The revenue is net of VAT, supplementary duty and service charge collected from customer as well as any discounts given.

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

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2022 and earlier application is permitted, but the Company has not early applied these new or amended standards in preparing these financial statements. However, none of these expected to have any material effect on the financial statements of the Company. These are as follows:

- Classification of liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12, Income Taxes)
- Lease Liability in a Sale-and-Leaseback (Amendments to IFRS 16, Leases)

2.14 Off setting

In compliance to IAS 1 and IAS 32, offsetting is done for a particular vendor or customer when the following conditions are met:

- Each of the two parties owes the other determinable amounts;
- The entity has the right to set off against the amount owed by the other party;
- The entity intends to offset;
- The right of set off is legally enforceable.

2.15 Finance income and finance expenses

Finance income comprises interest income on banks. Interest income is recognized on accrual basis. Finance expense comprises interest expense on short term loan, overdraft and long term loan. All finance expenses are recognised in the statement of profit or loss and other comprehensive income. As per IAS 23, interests expended during the construction/renovation of the Hotel has been capitalised.



Bangladesh Services Limited
(Owner of InterContinental Dhaka)
Notes to the financial statements
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3. Property, plant and equipment - at cost less accumulated depreciation and amortisation

Particulars	Cost				Depreciation			Amount in BDT Written down value at 30 June 2022			
	At 01 July 2022	Addition /Transfer during the year	Revaluation	Disposal/ Adjustment during the year	Total at 30 June 2023	Rate %	Up to 01 July 2022		Charge for the year	Disposal/ Adjustment during the year	Total to 30 June 2023
BSL Operations											
Land-Minto Road (Hotel)**	27,000,000,000	-	-	-	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	5,496,969,920	99,008,262	-	-	5,595,978,183	2.5%	694,857,021	139,899,455	-	834,756,476	4,761,221,707
Admin office furniture and equipment	75,704,854	-	-	-	75,704,854	10%	15,684,517	7,570,485	-	23,255,002	52,449,852
Electrical fitting and general equipment	852,751,179	8,143,120	-	-	860,894,299	10%	170,550,236	86,089,430	-	256,639,666	604,254,633
Elevators	203,088,121	-	-	-	203,088,121	10%	40,617,625	20,308,812	-	60,926,437	142,161,684
Air-conditioning plant	504,631,746	8,145,380	-	-	512,777,126	10%	101,275,531	51,277,713	-	152,553,244	360,223,882
Hotel furniture and equipment	1,086,636,799	786,025	-	-	1,087,422,824	10%	217,022,414	108,742,282	-	325,764,696	761,658,128
IT and telecom equipment	511,906,754	5,838,013	-	-	517,744,767	10%	101,104,964	51,774,477	-	152,879,441	364,865,327
Kitchen equipment	202,525,943	1,354,022	-	-	202,525,943	10%	40,505,187	20,252,594	-	60,757,781	141,768,162
Laundry equipment	441,031,454	1,544,427	-	-	442,385,476	10%	88,206,290	44,238,548	-	132,444,838	309,940,638
Special equipment and fire alarms	202,822,343	-	-	-	204,366,771	10%	40,564,466	20,436,677	-	61,001,143	143,365,628
Health club equipment	197,469,344	-	-	-	197,469,344	10%	39,493,868	19,746,934	-	59,240,803	138,228,541
	38,260,498,458	124,819,249	-	-	38,385,317,707		1,549,882,121	570,337,407	-	2,120,219,526	36,265,098,181
BSL Office Complex											
Building on leasehold land	181,678,955	-	-	-	181,678,955	2.5%	117,104,167	4,541,974	-	121,646,141	60,032,814
Admin office furniture and equipment	1,647,897	-	-	-	1,647,897	10%	1,271,391	164,789.70	-	1,436,180	211,717
Electrical fittings and general equipment	47,221,945	-	-	-	47,221,945	10%	47,221,945	-	-	47,221,945	-
Elevators	12,962,706	3,800,000	-	-	16,762,706	10%	12,872,455	380,000	-	13,252,455	3,510,251
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	54,594,461	-	-	-	54,594,461	10%	18,115,780	5,459,446	-	23,575,226	31,019,235
	407,612,916	3,800,000	-	-	411,412,916		306,092,689	10,546,210	-	316,638,899	94,774,017
Bangabandhu International Conference Center											
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	-
Total 30 June 2023	38,732,374,592	128,619,249	28,483,085,486	-	38,860,993,841		1,920,238,029	580,883,617	-	2,501,121,643	36,359,872,198
Total 30 June 2022	10,213,838,675	35,452,430	28,483,085,486	-	38,732,374,591		1,344,790,720	575,447,311	-	1,920,238,029	36,812,136,562

* 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). Accordingly, this parcel of land is considered as Freehold land of the Company.

***The Company has executed a lease deed on 4th August 1975 for 24,000 square yard of land at Mirpur under Senpara Parbatia 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. The Company has also revalued this parcel of land in 2022 and reflected above at fair value.



Bangladesh Services Limited
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	2023 BDT	2022 BDT
4. Capital works-in-progress		
Other renovation related works	-	10,322,094
	-	10,322,094
The Hotel renovation work has been completed and all capex are now transferred to property, plant and equipment.		
5. Guarantee deposit		
Guarantee deposit for BICC (*)	165,000,000	160,000,000
	165,000,000	160,000,000
(*) 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 2023 is 168,680,000 (BDT). Since, the guarantee obligation is sixteen crore and fifty lac, the remaining amount 3,680,000 (BDT) of that FDR being freely convertible into cash has been presented in cash and cash equivalents (note-11).		
6. Inventories - spares and general stores		
Hotel Operation		
Stores and spares in hand		
Merchandise in transit	3,167,828	1,412,891
Linen - in use	295,861	295,861
General and other stores	33,219,151	23,467,570
	36,682,840	25,176,323
7. Inventories - food and beverage	55,430,344	59,214,711
	55,430,344	59,214,711
8. Accounts receivable		
Accounts receivable - trade, considered good	673,549,138	458,250,965
Accounts receivable-BICC	466,882,899	466,832,899
Accounts receivable - trade, considered doubtful	21,371,198	21,371,198
Rent receivable	89,049,240	85,429,104
Rent receivable from BICC	508,969,750	508,969,750
Receivable for VAT and tax	20,675,923	19,670,594
Expenses incurred by RBH for renovation works on behalf of BSL	936,116,398	936,116,396
Receivable from ICD for employees	75,082,689	69,187,398
Gross balance	2,791,697,234	2,565,828,303
Less: Provision for bad and doubtful debts on accounts receivables-trade (note 8.1)*	114,708,528	114,708,528
	2,676,988,706	2,451,119,775
Less: Contra items (note 18.1)		
Accounts receivable-BICC	466,882,899	466,832,899
Rent receivable from BICC	508,969,750	508,969,750
Expenses incurred by RBH for renovation works on behalf of BSL	936,116,398	936,116,396
	1,911,969,046	1,911,919,045
	765,019,660	539,200,731

* Management has reviewed the above receivables balances and satisfied that the provision for doubtful debts recognised at 30 June 2023 is adequate to cover any potential impairments.



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	2023 BDT	2022 BDT
8.1 Provision for bad and doubtful debts on account receivable-trade		
Opening balance	114,708,528	114,708,528
Add: Provision made during the year for ICD	-	-
Closing balance	114,708,528	114,708,528
9. Other receivables		
Cash margin against guarantee issued by bank in favour of court relating to Mir Akhter Hossain Ltd	920,015	920,015
Receivable from BSL Employees' Gratuity Trust	8,756,748	-
Receivable of ICD from BICC	91,872,307	67,500,572
Receivable from Hotel	4,028,350	3,521,573
IHG reward club charges / reimbursement	2,374,624	1,368,335
Interest receivable	2,705,311	2,705,311
Receivable from Holiday INN	812,622	-
Sundry debtors	17,699	17,699
	111,487,677	76,033,506
Less: Contra items (note 18.1)		
Receivable of ICD from BICC	91,872,307	67,500,572
Receivable from Hotel	4,028,350	3,521,573
	15,587,020	5,011,361
10. Advances, deposits and prepayments		
Advances		
Advances to Titas gas	799,382	-
Advance tax for employees taxation	34,681,716	34,681,716
Income tax deducted at source - BSL	202,987,026	166,668,944
Advance to Depa (Renovation)	7,487,792	7,487,792
Advance against income tax	4,274,391	4,274,391
Advance to suppliers	7,099,265	6,759,113
VAT and supplementary duty - RBH	58,842,080	58,842,080
Retired/resigned Employees 4/5 Month Salary & 5 month Service Charge	342,959	-
Advance to employees	2,585,131	3,533,430
Advances to others	12,731	12,731
	320,112,473	282,260,197
Deposits		
L/C and BG margin	74,906,216	74,906,216
Security/guarantee deposit	16,738,282	13,757,042
	91,644,498	88,663,258
Prepayments		
Prepaid insurance	607,759	805,203
Licenses and permits	5,112,770	2,849,288
Other expenses	1,232,322	68,250
Prepaid Tax Others	3,000,000	-
Workmen's compensation	244,346	273,921
	10,197,198	3,996,662
	421,954,169	374,920,119



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	2023 BDT	2022 BDT
11. Cash and cash equivalents		
Cash in hand	5,425,000	4,626,760
Bank balances		
Short term deposit with		
Agrani Bank Limited (reserve fund for replacement)*	151,979,689	14,128,111
Agrani Bank Limited (gratuity and termination benefit- Hotel)	2,967,837	2,967,837
Agrani Bank Limited	(3,201,829)	22,119,114
Sonali Bank Limited	4,462,010	4,403,459
Agrani Bank Limited (BSL complex rental account)	(9,867,634)	68,131,797
Standard Chartered Bank (Hotel)	7,954,586	7,958,551
	154,294,658	119,708,869
Fixed deposit with		
Agrani Bank Limited	161,149,646	385,047,054
Bangladesh Commerce Bank Limited	3,680,001	9,225,005
	164,829,651	394,272,059
Current accounts with		
Agrani Bank Limited-(A/C nos. 1905, 9051, 1998, 5711 & 7325)	66,991,114	150,967,759
Agrani Bank Limited - dividend account	66,710,979	150,686,784
	280,135	280,975
	391,540,422	669,575,447

*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:		2,500,000,000	2,500,000,000
250,000,000 ordinary shares of BDT 10 each			
12.2 Issued, subscription and paid up:			
4,741,993 ordinary shares of BDT 10 each issued for consideration other than cash	47,419,930	47,419,930	47,419,930
4,258,007 ordinary shares of BDT 10 each issued in cash	42,580,070	42,580,070	42,580,070
88,788,913 ordinary shares of BDT 10 each issued as bonus shares	887,889,130	887,889,130	887,889,130
	977,889,130	977,889,130	977,889,130

12.3 Shareholding position at 30 June 2023 is as under:

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

12.4 Classification of shareholders by holding:

Holding of shares	2023		2022	
		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
50,001 -- 100000		0		0
100001 -- 1000000		1		1
100001 and above		1		1



Hoda Vasi Chowdhury & Co

2023
BDT

2022
BDT

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

Opening balance	200,963,215	162,213,126
Add: Charged to operation during the year	67,618,966	44,085,089
Less: Amount utilisation during the year	24,131,053	5,335,000
Closing balance	244,451,128	200,963,215

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

As mentioned in note 3 in prior 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	1,467,317,329	235,148,167
Deferred tax expenses/(income) recognised in profit or loss	32,507,108	92,845,743
Deferred tax expenses/(income) recognised in other comprehensive income	-	1,139,323,419
Closing balance	1,499,824,437	1,467,317,329

Deferred tax liability is arrived at as under:

	Carrying amount	Tax base	Taxable / (deductible) temporary difference
<u>30 June 2023</u>			
Property, plant and equipment	7,874,912,198	6,216,381,746	1,658,530,452
Deferred liability for gratuity	(56,303,706)	-	(56,303,706)
Taxable/ (deductible) temporary difference	7,818,608,492	6,216,381,746	1,602,226,746
Applicable rate			22.50%
Land on revaluation surplus	28,483,085,486	-	360,501,018
Deferred tax liability/ (asset)-A			1,139,323,419.44
			1,499,824,437
	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%
Land on revaluation surplus	28,483,085,486	-	327,993,910
Deferred tax liability/ (asset)-B			1,139,323,419
			1,467,317,329



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	2023 BDT	2022 BDT
16. Long term secured loan		
Agrani Bank- renovation loan	5,357,463,433	5,739,025,000
Interest during construction period	4,166,048,712	3,814,646,094
	9,523,512,145	9,553,671,094
16.1 Non-current loans and borrowings		
Agrani Bank- renovation loan	8,296,192,925	8,898,871,094
16.2 Current loans and borrowings		
Agrani Bank- renovation loan	1,227,319,220	654,800,000
	9,523,512,145	9,553,671,094

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.

Actual loan repayment during the year was Tk. 65.48 crore as quarterly pay Tk. 10 crore as one payment. However due to application of interest the net loan payable amount reduced by Tk. 3 crore.

17. Deferred customs tariff

Chittagong Customs (note 17.1)	596,585,607	544,578,675
ICD Kamalapur Customs	173,410,209	173,410,209
Dhaka Airport Customs	43,638,152	43,638,152
Beanpole Customs	3,443,097	3,443,097
	817,077,065	765,070,133

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.

17.1 Chittagong Customs		
Opening balance	544,578,675	544,578,675
Add: Bank Guarranee as Deferred Tariff	93,390,334	-
	637,969,009	544,578,675
Less: Payment made during the year	41,383,402	-
Closing Balance	596,585,607	544,578,675

18. Accounts payable

For goods	103,369,197	74,845,235
Liquidated damage for renovation works	150,524,109	150,524,109
For expenses (note 18.1)	2,178,368,416	1,847,820,271
For other finance (note 18.2)	541,496,281	543,608,708
	2,973,758,004	2,616,798,322



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	2023 BDT	2022 BDT
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	936,116,398	936,116,396
Provision for retirement benefits	73,385,899	73,385,899
Salaries, wages, bonus gratuity and other benefits	72,541,188	73,395,790
Accrued expenses	112,897,949	100,923,935
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	145,611,625
Payable to PWD (18.1a)*	78,300,099	-
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	19,277,511
Indebtness to operator and its affiliates	72,342,015	48,577,967
Utility service for Hotel operation	9,788,372	9,328,680
Utility bills for BSL Office Complex	40,125	40,125
Other professional services fee	(195,000)	(195,000)
Software maintenance fee	(36,461)	289
Legal and professional charges	450,000	450,000
Consultancy fee	464,950	464,950
VAT payable	480	480
Crew allowance	800,000	800,000
Dues and subscription	280,973	280,973
Payable to ICD by Hotel	4,028,350	3,521,573
Payable to BICC by BSL	466,882,899	466,832,899
Payable of BICC to ICD	91,872,307	67,500,569
Taxes, deposits and other creditors-ICD	277,953,063	170,782,177
Advance from clients ICD	4,333,829	4,957,767
Other current liabilities ICD	264,426,972	154,082,276
	4,186,188,119	3,830,761,457
<u>Less: Contra items (note 8)</u>		
BICC rent payable to BSL	508,969,750	508,969,750
Expenses for renovation made by ICD on behalf of BSL	936,116,398	936,116,396
Payable to BICC by BSL	466,832,899	466,832,899
Payable to ICD by Hotel	4,028,350	3,521,573
Payable of BICC to ICD	91,872,307	67,500,569
	2,007,819,703	1,982,941,187
	2,178,368,416	1,847,820,271

(*) The management are unable to receive any confirmation from BICC.

18.1a Payable to PWD	-	-
Opening balance	-	-
Add: Addition during the year	135,927,320	-
	135,927,320	-
Less. Complimentary	7,902,880	-
	128,024,441	-
Less. Payment of utility	29,708,094	-
Less. Payment during the period	20,016,248	-
	78,300,099	-



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	2023 BDT	2022 BDT
18.2 Creditors for other finance		
VAT and supplementary duty *	282,682,220	285,025,673
Lease and other security deposit	14,696,482	14,796,482
Service charge unadjusted with project cost	221,319,799	224,030,904
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	(103,019)	(151,369)
Tips payable	147,883	147,883
UNICEF donation received from guests	4,971	4,971
Union subscription	30,200	30,200
Other finance creditors	636,724	(165,632)
Liabilities for LOC	704,592	704,591
Other creditors	2,111,506	(79,919)
	541,496,281	543,608,708
<p>* 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.</p>		
19. Advance rent, security deposit, earnest and retention money		
Earnest money	400,000	400,000
Advance rent received	948,788	1,149,132
Retention money received	7,885,713	7,885,713
Rental security deposit	7,212,251	7,163,390
Security money received from contractors	111,542,867	130,441,674
	127,989,620	147,039,909
20. Provision for taxation		
Opening balance	95,586,053	21,762,852
Add: Provision made during the year	37,318,082	73,823,201
	132,904,135	95,586,053
Less: Payments made during the year	-	-
Closing balance	132,904,135	95,586,053
*Calculation of tax liability		
A. 0.60% of gross receipt	10,919,785	
B. 22.5% on profit before tax	None, since loss	
C. AIT paid during the year	37,318,082	
Tax liability (higher of A, B and C)	37,318,082	73,823,201
Current tax	37,318,082	73,823,201
Deferred tax	32,507,108	-
21. Deferred Liability for retirement benefits		
Opening balance	55,347,161	178,320,014
Add: Provision made during the year	7,542,965	4,297,276
	62,890,126	182,617,290
Less: Payment made during the year to outgoing members	6,586,420	127,270,129
Closing balance	56,303,706	55,347,161
22. Revenue		
Rooms	429,345,695	265,283,705
Food and beverage	1,119,658,011	752,113,735
Rental and others	141,470,449	84,729,760
	1,690,474,155	1,102,127,200



Hoda Vasi Chowdhury & Co

2023
BDT

2022
BDT

23. Operating cost

	Rooms	Food and beverage	Minor operating departments	Total	Total
Salaries, wages, bonus, gratuity and other benefits	64,683,663	136,501,138	16,534,902	217,719,703	138,458,443
Decoration and other expenses	1,185,863	923,801	1,009,050	3,118,714	1,109,666
Cost of materials and other expenses	-	357,433,372	3,849,600	361,282,971	245,698,121
Operating supplies	13,656,437	30,429,155	2,863,532	46,949,125	28,900,156
Menus cost	-	81,500	-	81,500	68,700
Balaka restaurant rent	-	50,896,550	-	50,896,550	44,468,202
Laundry, dry cleaning	5,290,756	4,597,338	137,046	10,025,141	6,752,499
Limousine expenses	608,908	-	-	608,908	303,293
Complimentary guest services	8,151,669	-	84,680	8,236,349	3,187,275
Printing and stationery	2,060,779	5,424,961	34,776	7,520,516	4,448,565
Entertainment	336,801	377,473	-	714,274	461,375
Equipment rent	4,719,639	-	1,000,000	5,719,639	4,740,607
In-house TV, video, music, etc.	4,850,029	922,810	-	5,772,839	5,313,883
Room and F&B commission	19,851,412	-	-	19,851,412	12,139,916
Travel and communication	160,131	608,864	-	768,995	288,349
Fuel and power	-	8,672,745	-	8,672,745	5,916,980
Uniforms	421,902	957,771	80,065	1,459,738	1,163,949
Permits and licenses	3,597,807	1,373,412	-	4,971,219	2,568,685
Others	186,509	772,376	13,224	972,109	413,940
	129,762,306	599,973,266	25,606,874	755,342,446	506,402,603

24. Hotel administrative and other expenses

Operators and its affiliated company fees (note 24.1)	81,432,618	47,407,280
Heat, light and power (note 24.2)	90,317,005	75,040,026
Administrative and general expenses (note 24.3)	138,585,330	90,961,574
Advertising, promotion and public relations (note 24.4)	69,633,422	41,269,671
Repairs and maintenance (note 24.5)	66,077,866	52,644,198
Information and telecomm (note 24.6)	38,621,710	22,933,080
RBH hotel expenses (note 24.7)	-	51,069,702
	484,667,950	381,325,532
24.1 Operators and its affiliated company fees		
License fee	42,261,856	25,960,649
Incentive management fee	39,170,762	21,446,631
	81,432,618	47,407,280
24.2 Heat, light and power		
Utilities	90,317,005	75,040,026
	90,317,005	75,040,026
24.3 Administrative and general expenses		
Salaries, wages, bonus, gratuity and other benefits	90,886,541	53,892,350
Credit card commission	14,359,865	8,205,391
Security	38,810	3,673,393
Operating supplies	850,813	82,166
Travelling expenses	1,074,537	1,016,591
Legal and professional charges	698,000	1,042,539
Printing and stationery	2,524,940	1,852,692
Entertainment	1,201,604	701,721
Professional services fee	554,283	468,768
Uniforms	261,354	231,458
Dues and subscriptions	127,750	97,500
Training and training related expenses	5,801,208	2,173,896
Relocation expenses	1,723,592	5,116,226
Licenses and taxes	11,542,017	6,714,150
Ownco expenses	6,940,016	5,692,733
	138,585,330	90,961,574



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	2023 BDT	2022 BDT
24.4 Advertising, promotion and public relations		
Salaries, wages, bonus, gratuity and other benefits	22,260,525	15,688,212
Signage, events and functions	12,847,476	6,320,691
Entertainment	3,321,161	2,793,801
Travelling	798,149	317,984
Print newspapers	980,458	554,671
Photography expenses	16,574,856	-
Marketing assessment fees	8,598,817	4,914,548
IHG rewards club assessment	16,574,856	8,364,325
Others	4,251,980	2,315,439
	<u>69,633,422</u>	<u>41,269,671</u>
24.5 Repair and maintenance		
Salaries, wages, bonus, gratuity and other benefits	29,994,911	23,524,908
Removal of waste	-	25,077
IT - repair and maintenance	27,592,111	22,708,758
Water treatment	767,509	316,916
Electric bulbs/electrical	3,844,773	2,565,731
Uniforms	174,772	164,466
Licenses and taxes	586,587	562,283
Pest control	1,386,000	1,050,100
Operating supplies	1,423,946	1,359,218
Travelling - local	80,763	54,498
Others	226,495	312,243
	<u>66,077,866</u>	<u>52,644,198</u>
24.6 Information and telecomm		
IT direct expenses	30,087,420	17,331,761
Salaries, wages, bonus, gratuity and other benefits	8,163,936	4,991,908
Operating supplies	116,904	383,675
Entertainment	13,612	15,382
Licenses and taxes	67,518	72,350
Travelling and conference	2,180	-
Printing and stationery	30,033	24,695
Operating supplies	12,224	329
Others	127,882	112,981
	<u>38,621,710</u>	<u>22,933,080</u>
24.7 RBH hotel expenses		
Salaries, wages, bonus, gratuity and other benefits	-	51,069,702
25. BSL administrative and other expenses		
Depreciation	580,883,617	575,447,311
Insurance	12,491,983	9,489,414
Other expenses BSL (note 25.1)	54,918,396	61,384,160
	<u>648,293,996</u>	<u>646,320,885</u>



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	2023 BDT	2022 BDT
25.1 Other expenses BSL		
Salaries, wages, bonus, gratuity and other benefits	38,332,551	30,825,922
Entertainment	21,700	500,240
Directors' remuneration	1,336,000	2,125,600
Bank charge and levy	2,695,463	1,968,531
Legal and consultancy fee	1,530,250	799,900
CDBL expenses	161,200	165,800
Municipality expense	3,209,097	-
Advertisement	1,865,659	2,513,397
Auto maintenance	689,141	2,697,652
Cable and postage	405,383	957,062
Stock exchange listing fee	488,945	488,945
Subscription to BAPLC	50,000	50,000
Donation	445,000	173,412
Office maintenance	1,131,175	515,888
Printing and stationery	168,138	134,664
Corporate Social Responsibility (CSR)	20,000	-
Medical expenses	803,181	403,392
AGM expenses	1,323,201	244,730
Tourism related expenses	20,279	33,986
Training expense	249,100	650,500
Others	(89,977)	(268,552)
Conveyance	62,910	-
	<u>54,918,396</u>	<u>44,981,069</u>
26. Interest income		
Interest on bank deposits	28,830,593	120,504,031
Rental income from staff quarter	12,460,596	9,406,170
Income from sale of scraped items of fixed assets	810,000	14,620,990
Non-operating income	75,000	222,000
	<u>42,176,189</u>	<u>144,753,191</u>
27. Rental income from BSL office complex		
Rental income	97,582,203	98,730,735
<u>Less:</u> Expenses on complex		
Electricity and fuel	20,681,190	16,771,165
Salaries, wages, bonus, gratuity and other benefits	20,864,967	13,641,584
Cleaning and maintenance	9,866,549	21,210,468
Conveyance and medical expenses	757,022	1,277,646
	<u>52,169,728</u>	<u>52,900,863</u>
	<u>45,412,475</u>	<u>45,829,873</u>
28. Income/(loss) from BICC		
Revenue	400,440,938	301,898,112
Cost of sales	113,231,781	84,413,539
	<u>287,209,157</u>	<u>217,484,573</u>
<u>Less:</u> Expenses		
Utility	-	24,631,283
Maintenance	29,035,017	16,639,335
Administrative and general	87,849,431	84,041,564
Advertisement	398,982	744,438
	<u>117,283,430</u>	<u>126,056,620</u>
	<u>169,925,727</u>	<u>91,427,953</u>
	<u>128,024,441</u>	<u>59,405,223</u>
<u>Less:</u> Share of profit/(loss) to PWD (80% from Jul 2022 to June 2023)	<u>41,901,287</u>	<u>32,022,731</u>
Net profit for the year		



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	2023 BDT	2022 BDT		
29. Finance cost				
Interest expenses	719,149,805	733,584,874		
*The Company has calculated the finance expenses on accrual basis which is charges to profit and loss.				
30. Remuneration to directors				
Board meeting	900,000	1,032,000		
FAC meeting	96,000	228,000		
Audit committee	168,000	291,000		
PENC committee	-	215,000		
Other meetings	112,000	119,600		
Nomination & Remuneration Committee (NRC)	60,000	240,000		
Fee to directors	1,336,000	2,125,600		
31. Salaries, wages, bonus, gratuity and other benefits				
Salaries, wages, bonus, gratuity and other benefits of 2023 is BDT 494,285,758 (2022: BDT 461,488,755) 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 2023		6726		
Total % of actual occupancy of rooms during the month of June 2023		40.40%		
Total actual % of occupancy of rooms during the year to 30 June 2023		43.60%		
32.2 Capacity of BSL office complex				
Total area of space available to let out at 30 June 2023	63,443	61,879		
Total area in use as of 30 June 2023	63,443	58,292		
33. Remittance of foreign currency				
	2023	2022	2023	2022
	USD	USD	BDT	BDT
Expatriates salaries and benefits	110,498	63,785	12,099,546	5,960,753
IHG fees	780,665	480,835	85,482,774	44,934,012
Training fee	1,647	1,647	180,297	153,870
Travel agent fee	34,914	12,775	3,823,035	1,193,870
Software maintenance fee	40,036	54,128	4,383,956	5,058,268
			105,969,608	57,300,773

34. Contingent liabilities and claims

A. Letter of guarantees

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 and 2009-2010 and 2011-2012 and 2015-2016 amounting to BDT 5,954,210 and BDT 9,340,009 and BDT 21,707,794 and BDT 51,636,481 and BDT 3,846,883 respectively against which the Company has made appeals to relevant appeal authority which are still pending. For subsequent years tax assessments are pending at various stages, however no final demand has been received from tax authority. 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 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 502 among which who received a total yearly remuneration of BDT 36,000 and above.

2023	2022
BDT	BDT

36. Earnings per share (EPS)

36.1. Basic earnings per share

Earnings attributable to the ordinary shareholders	(857,315,282)	(1,109,569,843)
Weighted average number of shares outstanding	97,788,913	97,788,913
Basic earnings per share	(8.77)	(11.35)

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 2023.

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:

	2023	2022
	BDT	BDT
Cash and cash equivalents	391,540,422	669,575,447
Accounts receivable	765,019,660	539,200,731
Other receivables	15,587,020	5,011,361
Advances, deposits and prepayments	421,954,169	374,920,116
	1,594,101,271	1,588,707,657

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 2023	Within 12 months	More than 12 months	Carrying amount as on 30 June 2022
	BDT	BDT	BDT	BDT
Long term loan	9,523,512,145	1,227,319,220	8,296,192,925	9,553,671,094
Accounts payable	2,973,758,004	2,973,758,004	-	2,616,798,322
Provision for income tax	118,127,037	118,127,037	-	95,586,053
Liability for gratuity	56,303,706	56,303,706	-	55,347,161
Deferred customs tariff	817,077,065	817,077,065	817,077,065	765,070,133
Advance rent, security deposits	127,989,620	127,989,620	-	147,039,909
Unpaid dividend	-	-	-	-
Total	13,616,767,577	5,320,574,652	9,113,269,990	13,233,512,673

As at 30 June 2023, 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

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

	2023 BDT	2022 BDT
39.1 Reconciliation of operating cash flows to net profit		
Profit/(loss) before tax	(787,490,092)	(942,900,899)
Adjustment for non-cash items :		
Depreciation	580,883,617	575,447,311
Retirement benefits provision made/(reversed)	7,542,965	4,297,276
Reserve for replacements, substitutions and additions to furniture and equipment	43,487,913	38,750,089
Provision for bad and doubtful debts	-	-
	631,914,495	618,494,676
Changes in working capital components:		
(Increase)/Decrease in inventories - spares and general stores	(11,506,517)	(10,376,103)
(Increase)/Decrease in inventories - food and beverage	3,784,367	(3,069,540)
(Increase)/Decrease in accounts receivable	(225,818,929)	(244,553,494)
(Increase)/Decrease in other receivable	(10,575,659)	12,025,895
(Increase)/Decrease in advances, deposits and prepayments	(47,034,050)	(42,555,931)
Increase/(Decrease) in accounts payable	356,959,681	(81,671,429)
Increase/(Decrease) in advance rent receipt	(19,681,147)	73,452,667
Increase/(Decrease) in rental security deposit receipt	48,861	1,535,532
Increase/(Decrease) Provision for supplementary duty	(17,694,521)	-
	28,482,088	(295,212,402)
Operating cash flow before gratuity and tax payments	(127,093,510)	(619,618,624)
Income tax paid	(37,318,082)	(41,589,745)
Retirement benefits paid	(6,586,420)	(127,270,129)
Net cash inflow/(outflow) from operating activities	(170,998,012)	(788,478,497)
39.2 Net operating cash flows per share (NOCFPS)		
Net operating cash flows	(170,998,012)	(788,478,497)
Weighted average number of ordinary shares outstanding	97,788,913	97,788,913
Net operating cash flows per share	(1.75)	(8.06)
39.3 Net assets value (NAV) per share		
Net assets as at 30 June 2021 (represented by equity)	(4,434,741,002)	(3,577,425,720)
Weighted average number of ordinary shares outstanding	97,788,913	97,788,913
Net assets value per share	(45.35)	(36.58)

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.

