Hoda Vasi Chowdhury & Co

To
The Managing Director
Hotels International Limited (HIL)
107, Kazi Nazrul Islam Avenue
Dhaka 1215, Bangladesh

Independent Auditors' Report
&
Audited Financial Statements
of
Hotels International Limited(HIL)
For the year ended 31 December 2019

Independent Auditors' Report
To the Shareholders of Hotels International Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of **Hotels International Limited**, (referred to as **HIL**) which comprise the statement of financial position as at 31 December 2019, 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 and other explanatory information.

In our opinion, except for the effects of the matter described in the **Basis for Qualified Opinion and "Emphasis of Matter"** paragraphs, these financial statements prepared in accordance with International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), give a true and fair view of the Company's affairs as at 31 December 2019, its financial performance and its cash flows for the year then ended and comply with the Companies Act (#18) 1994 and other applicable laws and regulations.

Basis for Qualified Opinion

i. Capital work-in-progress (CWIP) as described in Note-5.02 in the financial statements includes cost related to an Expansion Project which was forced to stop by RAJUK for their Hatirjheel Project and HIL had to give up 1.197 acres of land to RAJUK for their Hatirjheel Project. It is estimated by the management that approximately 10% of the Construction work-in-progress of Tk. 306,710,295 i.e. Tk. 30,671,030 is related to the cost of this new Expansion Project. The CWIP is thus overstated by approximately that amount. The Board approved provisioning of (Tk. 306,710,295*10%) Tk. 30,671,030 in three equal yearly instalments of Tk. 10,223,677 per annum. HIL has so far made 2nd provisions aggregating to Tk. 20,447,354 up to the year ended 31-12-2019. **(Ref. to Note 5.02 of the financial statements).**

ii. Land and land development cost (including valuation) of approximately Tk. 228,982,232 related to the land of 1.197 acres occupied by RAJUK has also not been adjusted in the books of account of HIL and thus fixed assets are also overstated approximately by that amount.

iii. An amount of Tk. 206,000,000 was paid by the Government of Peoples Republic of Bangladesh in the year 1993 on behalf of **HIL** which was related to payment of customs duty and VAT for machinery and equipment purchased for the Hotel **(Ref. to Note- 13** of the financial statements). This amount was paid by Government of peoples Republic of Bangladesh to customs authority by way of book adjustment and treated as a **"Grant" to HIL vide letter no. Bi.Po.Mo/Po.K_2 (6)/91-169 dated 24 June 1993.** Therefore this amount is no more repayable to the Government. The Board of Directors has recently approved this sum to be converted into paid-up- capital but could not execute the decision as yet. Thus the non-current liability is overstated by Tk. 206,000,000 and similarly paid-up-capital is understated by the same amount.

Emphasis of Matter

We draw your attention to **Note-3.09(ii)** in the financial statements and inform you that "Deferred Tax" as required by law has not been considered in this financial statements which in our opinion could be of a sizable amount of deferred tax liability. Such a significant liability has not been properly reflected in these financial statements. We express our Emphasis of Matter on the issue and draw the attention of management to assess the amount of applicable deferred tax and give effect of the same in their financial statements for preparation and fair presentation of their financial statements.

Independence

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 ethical requirement 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.

To the best of our knowledge and belief, we declare that, non-audit services as prohibited by the ethical requirements were not provided by us to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for other Information

Management is responsible for the other Information. The other information comprises the information including Director's report included in annual report but does not include in the financial statements and our auditors' report thereon.

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

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

Management is responsible for the preparation and fair presentation of financial statements in accordance with applicable IFRSs and IASs. This responsibility includes designing implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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

Auditors' Responsibilities for the Audit of the Financial Statements

We conduct our audit in accordance with applicable International Standards on Auditing (ISAs). 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 judgment and maintain professional scepticism throughout the audit, we also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 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.

Report on Other Legal and Regulatory Requirements
In accordance with the Companies Act (#18) 1994, we also report the following:

a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and

c) 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.

d) The expenditure incurred was for the purposes of the Company's business.

Dhaka,

Hoda Vasi Chowdhury & Co
Chartered Accountants
Signed by: Showkat Hossain, FCA
Senior Partner

Hotels International Limited
Statement of Financial Position
As at 31 December 2019

	Note(s)	31 Dec 2019 Taka	31 Dec 2018 Taka
ASSETS			
Non-current Assets			
Property, plant and equipment	4(c)	2,494,534,156	2,448,326,029
Capital Work-In-Progress	5	1,465,889,919	1,356,620,847
Total Non-current Assets		**3,960,424,075**	**3,804,946,876**
Current Assets			
Inventories	6	58,721,033	58,179,730
Trade and other receivables	7	205,193,950	182,329,858
Advances, deposits and prepayments	8	24,554,671	18,725,418
Cash and cash equivalents	9	3,146,358,340	3,124,798,077
Operating assets	10	56,257,976	60,317,461
Total Current assets		**3,491,085,970**	**3,444,350,544**
Total Assets		**7,451,510,045**	**7,249,297,420**
EQUITY AND LIABILITIES			
Shareholders Equity			
Share capital	11	593,346,300	593,346,300
Fixed assets revaluation reserve	12	1,709,118,011	1,720,037,322
Retained earnings		4,141,262,161	3,897,127,226
Total shareholders equity		**6,443,726,472**	**6,210,510,848**
Liabilities			
Non-current liabilities			
Grant from Government of Bangladesh	13	206,000,000	206,000,000
Total Non-current liabilities		**206,000,000**	**206,000,000**
Current liabilities			
Liabilities for Employees' benefits	14	95,826,643	89,458,382
Interest payable on Grant from GOB	15	129,996,200	129,996,200
Trade and other payables	16	340,712,287	371,233,070
Accrued expenses and provisions	17	144,876,276	122,476,250
Unearned revenue	18	39,999,545	34,773,355
Current tax liabilities	19	50,372,622	84,849,315
Total Current liabilities		**801,783,573**	**832,786,572**
Total liabilities		**1,007,783,573**	**1,038,786,572**
Total equity and liabilities		**7,451,510,045**	**7,249,297,420**

1. Independent Auditors Report -Page 1 to 4

2. The accompanying notes 1 to 30 & Annexure - A form an integral part of these financial statements.

Managing Director *Director* *Company Secretary*

Independent Auditors' Report
See our report of same date

Dhaka,

Hoda Vasi Chowdhury & Co
Chartered Accountants
Signed by: Showkat Hossain, FCA
Senior Partner

Hotels International Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019

	Note(s)	2019 Taka	2018 Taka
Revenue (Ref. Note 3.07)	20	1,424,083,151	1,550,520,063
Cost of Revenue	21	(770,410,589)	(759,013,670)
Gross profit		**653,672,562**	**791,506,393**
General and administrative expenses	23	(257,249,106)	(268,019,817)
Property operation, maintenance and energy expenses	24	(166,201,174)	(157,384,888)
Marketing expenses	25	(81,368,651)	(78,819,161)
Finance expenses	26	(14,138,603)	(15,654,211)
		(518,957,534)	**(519,878,077)**
Operating income		**134,715,028**	**271,628,316**
Other non-operating income	22	293,351,986	263,142,350
Foreign exchange gain/(loss)		975,424	1,550,615
Total non-operating income		**294,327,410**	**264,692,965**
Profit before contribution to WPPF and Income Tax		429,042,438	536,321,281
Contribution to WPPF		(21,452,122)	(26,816,064)
Profit before tax		**407,590,316**	**509,505,217**
Current tax expenses	27	(174,374,692)	(178,326,823)
Net Profit after tax		**233,215,624**	**331,178,394**
Other comprehensive income		-	-
Total comprehensive income		**233,215,624**	**331,178,394**
Earnings Per Share (EPS)	29	**39.31**	**55.82**

1. Independent Auditors Report -Page 1 to 4

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Managing Director *Director* *Company Secretary*

Independent Auditors' Report
See our report of same date

Dhaka,

Hoda Vasi Chowdhury & Co
Chartered Accountants
Signed by: Showkat Hossain, FCA
Senior Partner

Hoda Vasi Chowdhury & Co. Dhaka Chartered Accountants

Hotels International Limited
Statement of Changes in Equity
For the year ended 31 December 2019

In Taka

	Note(s)	Share capital	Revaluation reserve	Retained earnings	Total equity
Balance as at 01 January 2018		**593,346,300**	**1,730,956,633**	**3,555,029,521**	**5,879,332,454**
Total comprehensive income for the year		-	-	331,178,394	331,178,394
Adjustment of revaluation reserve	*12*		(10,919,311)	10,919,311	-
Balance as at 31 December 2018		**593,346,300**	**1,720,037,322**	**3,897,127,226**	**6,210,510,848**
Balance as at 01 January 2019		593,346,300	1,720,037,322	3,897,127,226	6,210,510,848
Total comprehensive income for the year		-	-	233,215,624	233,215,624
Adjustment of revaluation reserve	*12*	-	(10,919,311)	10,919,311	-
Balance as at 31 December 2019		**593,346,300**	**1,709,118,011**	**4,141,262,161**	**6,443,726,472**

1. Independent Auditors Report -Page 1 to 4

2. The accompanying notes 1 to 30 & Annexure - A form an integral part of these financial statements.

Managing Director *Director* *Company Secretary*

Hoda Vasi Chowdhury & Co. Chartered Accountants Dhaka

Hotels International Limited
Statement of Cash Flows
For the year ended 31 December 2019

	Note(s)	2019 Taka	2018 Taka
Cash flows from operating activities			
Profit before tax		233,215,624	331,178,394
		233,215,624	**331,178,394**
Adjustments for:			
Depreciation	*4(a)*	117,624,317	108,913,319
Tax expense	*27*	174,374,692	178,326,823
Finance income	*22*	(289,103,280)	(258,022,186)
Finance expenses	*26*	14,138,603	15,654,211
		17,034,332	**44,872,167**
Changes in working capital			
Decrease/(Increase) in Inventories	*6*	(541,303)	6,740,899
Decrease/(Increase)in Trade and other receivables	*7*	(22,864,092)	5,363,526
Decrease/(Increase) in Advances, deposits and prepayments	*8*	(5,829,253)	124,302,945
Decrease/(Increase) in Operating assets	*10*	4,059,485	1,542,879
(Decrease)/Increase in Employee benefits	*14*	6,368,261	(34,854,920)
(Decrease)/Increase in Trade and other payables	*16*	(30,520,783)	119,278,219
(Decrease)/Increase in Accrued expenses and provisions	*17*	22,400,026	(14,488,146)
(Decrease)/Increase in Unearned revenue	*18*	5,226,190	(20,301,788)
Cash generated from/(used in) operating activities		**(21,701,468)**	**187,583,614**
Finance income	*22*	289,103,280	258,022,186
Finance expenses	*26*	(14,138,603)	(15,654,211)
Taxes paid	*19.01*	(208,851,385)	(213,446,131)
		66,113,292	**28,921,844**
Net cash from/(used in) operating activities		**294,661,780**	**592,556,019**
Cash flows from investing activities			
Acquisition of property, plant and equipment	*4(a)*	(163,832,444)	(36,387,823)
Capital Work-In-Progress	*5*	(109,269,072)	(434,213,664)
Net cash used in investing activities		**(273,101,516)**	**(470,601,487)**
Cash flows from financing activities			
Interest on loan		-	-
Net cash generated from/(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		**21,560,264**	**121,954,533**
Cash and cash equivalents at the beginning of the year		3,124,798,077	3,002,843,544
Effect in foreign exchange rate on cash & cash equivalent		-	-
Cash and cash equivalents at the end of the year	*9*	**3,146,358,340**	**3,124,798,077**

Managing Director *Director* *Company Secretary*

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Hotels International Limited
Notes to the financial statements
As at and for the year ended 31 December 2019

1.00 Company profile and overview of its operational activities

1.01 Profile of the entity

Hotels International Limited, incorporated in Bangladesh as a public company limited by shares and wholly owned by the Bangladesh Government. The Pan Pacific Sonargaon Dhaka is a hotel owned by Hotels International Limited. The Hotel is managed by Pan Pacific Hotels and Resorts Pte Ltd, Singapore on the basis of an agreement signed between the parties and which was further renewed on 13 July 2012 for a period of ten years effective from 01 August 2012 to 31 July 2022.

1.02 Nature of business

The principal activities of the Company throughout the year were carrying out of the business of a hotel, restaurant, café, bar-house, refreshment, room and lodging, house-keeping and other related activities connected with the hotel business run through a Management Agreement executed between the Hotels International Limited (HIL) and The Pan Pacific Hotel & Resorts Pte Ltd. Singapore effective from 1 August 2012. The agreement has been renewed by both the parties, which effected for a further period of ten years.

1.03 Business Address of the entity

The registered and corporate office of the Company is situated at 107, Kazi nazrul Islam Avenue, Kawran Bazar, Dhaka-1215.

2.00 Basis of presentation of the financial statements

The accounting policies set out below, which comply with IFRS, have been applied consistently to all periods presented in these financial statements.

2.01 Statement of Compliance

These financial statements have been prepared and disclosures and information are provided in accordance with International Financial Reporting Standards (IFRSs), the Companies Act (#18) 1994 and other applicable rules and regulations. The statement of financial position and statement of profit or loss and other comprehensive income have been prepared according to the International Accounting Standards (IAS) 1, Presentation of Financial Statements.

2.02 Other Regulatory compliances

In addition to the aforesaid, the Hotel is also required to comply with the following major legal provision and other applicable laws and regulations:

The Income Tax Ordinance (#36) 1984
The Income Tax Rules 1984
The Value Added Tax Act (#22) 1991
The Value Added Tax Rules 1991
The Value Added Tax and Supplementary Duty Act (#47), 2012
The Value Added Tax and Supplementary Duty Rules, 2016

2.02 Components of Financial Statements

Following are the components of these financial statements

a. Statement of Financial Position
b. Statement of Profit or Loss and Other Comprehensive Income
c. Statement of Changes in Equity
d. Statement of Cash Flows
e. Notes to the accounts along with significant accounting policies and explanatory information

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2.03 Basis of Measurement

These financial statements have been prepared under historical cost convention on accrual basis except statement of cash flows on going concern assumption.

2.04 Principal accounting policies

The specific accounting policies have been selected and applied by the company's management for significant transactions and events that have a material effect within the framework for preparation and presentation of financial statements. Financial statements have been prepared and presented in compliance with IAS 1, Presentation of Financial Statements. The previous year's figures were re-arranged according to the same accounting policies. Accounting and valuation methods are disclosed for reasons of clarity. The Company classified the expenses using the function of expenses method as per IAS 1, Presentation of Financial Statements.

2.05 Application of standards

The following IASs and IFRSs are applicable for the preparation and presentation of these financial statements for the year under review.

IAS 1 Presentation of Financial Statements
IAS 2 Inventories
IAS 7 Statement of Cash Flows
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 Events after the Reporting Period
IAS 12 Income Taxes
IAS 16 Property, Plant and Equipment
IAS 19 Employee Benefits
IAS 21 The Effect of Changes in Foreign Exchange Rates
IAS 23 Borrowing Costs
IAS 33 Earning's per Share
IAS 37 Provisions, Contingent Liabilities and Contingent Assets
IAS 39 Financial Instruments: Recognition and Measurement
IFRS 7 Financial Instruments, Disclosures
IFRS 9 Financial Instruments
IFRS 3 Business Combinations
IFRS 10 Consolidated Financial Statements
IFRS 15 Revenue from Contract with Customers

2.06 Use of Estimates and Judgments

The preparation of financial statements in conformity with the IFRSs requires Management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are stated in the following notes:

Note-4 (c): Depreciation
Note-6: Inventories
Note-7: Trade and other receivables
Note-14: Liabilities for employees' benefits
Note-16 : Trade and other payables
Note-17: Accrued expenses and provisions
Note-27: Current tax expenses

2.07 Reporting period

The financial year of the Company is 01 January to 31 December every year and consistently followed. These financial statements cover one year from 01 January to 31 December 2019.

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2.08 Functional and presentational currency

These financial statements are prepared in Bangladeshi Taka (Taka/Tk.), which is also the Company's functional currency. Indicated figures have been rounded off to the nearest Taka.

2.09 Going concern

Although after the close of business on 31 December 2019, the company had badly suffered in their business due to adverse impact of the COVID-19 Pandemic in the initial months starting from March 2020 but due to its worldwide reputation the business of the Hotel is gradually growing up. The Management of the Hotel has made their assessment and are confident that they have adequate resources to continue in operation for the foreseeable future and therefore the Management has decided to adopt going concern basis in preparing the financial statements. The Company has adequate resources to continue in operation in the foreseeable futures. As per management's assessment there is no material uncertainty related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. For this reason going concern basis is adopted in preparing these financial statements.

2.10 Foreign currency transactions

Foreign currency transactions are converted at the rate ruling on the transaction dates. Foreign currency monetary assets and liabilities at the reporting date are, however converted at the rate ruling on that date.

2.11 Statement of Cash Flows

Statement of Cash Flows has been prepared under indirect method as per the provisions of IAS-7: Statement of Cash Flows.

3.00 Significant accounting policies

3.01 Property, plant and equipment

3.01.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner. The cost of self constructed asset includes the cost of material, direct labor and any other cost directly attributable to bringing the assets to a working condition for their intended

3.01.2 Subsequent costs

The costs of replacing part of an item of property, plant and equipment is recognized 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 costs can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3.01.3 Depreciation

Depreciation on property, plant and equipment is recognized on straight line method over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation is charged for full year in the year of purchase or acquisition and no depreciation is charged in the year of disposal. The rates of depreciation based on the useful life of assets are as follows:

	2019 %	2018 %
Land and land development	NIL	NIL
Building	2.5%	2.5%
Plant and machinery	10%	10%
Computer and accessories	10%	10%
Furniture and fixture	10%	10%
Electrical equipment	10%	10%
Office equipment	10%	10%
Motor vehicles	10%	10%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.01.4 Retirement and disposals

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from the retirement or disposal of an asset is determined by the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the income statement.

3.02 Capital work in progress

Property, plant and equipment that is in the process of construction/acquisition/import is accounted for as capital work in progress until construction/acquisition/import is completed and measured at cost.

3.03 Advances, deposits and prepayments

Advances and prepayments are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments of charges to other accounts. Deposits are measured at the payment value.

3.04 Cash and Cash Equivalents

Cash and cash equivalents comprise cash-in-hand and cash at bank and available for use by the Company without any restriction.

3.05 Inventories

All inventories are valued at the lower of cost or net realizable value. Cost includes all expenditure incurred for acquiring the inventories and bringing them to their existing location and condition. Cost of the inventories have been determined by using weighted average method. Goods -in-transit has been valued at cost.

3.06 Provisions

Provisions are recognized at the reporting 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 outflow of economic benefits will be required to settle the obligation.

3.07 Revenue

In order to recognize revenue from the contract of customers, the application of the core principle in IFRS 15 is carried out in five steps. Revenue represents net off value added tax, service charges, rebate and discounts allowed to customers.

Step-1: Identify the contract
Step-2: Identify separate performance obligations
Step-3: Determine the transaction price
Step-4: Allocate transaction price to performance obligations
Step-5: Recognize revenue as or when each performance obligation is satisfied

3.08 Finance income and finance costs

The Company's finance income and finance costs include:

- Interest income on term deposits
- Bank charges and excise duty.

3.09 Income tax

Tax on the income statements for the year comprises current tax. Tax is recognized in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Applicable tax rate for the reporting period was 32.5% with minimum tax at the rate of (0.60%) percent on gross receipts for the year.

(ii) Deferred tax

Deferred tax has not been considered in this financial statements because of non-availability of proper documents and it will be consider by next financial year.

3.10 Employee benefits

3.1.1 Workers' Profit Participation and Welfare Fund (WPPF)

The Company has established Workers' Profit Participation and Welfare Fund (WPPF) effective from the year 2016 vide 388th Board Meeting dt. 21-8-2018. Provision for WPPF has been made @ 5% of the profit as per the provisions of the Labor Act 2006 and Bangladesh Labor (Amendment) Act 2013 and to be transferred to the Trustee Board of the Fund.

3.1.2 Staff Provident Fund

The Company has been maintaining a recognized contributory Provident Fund under a trustee board separate from the Company's management.

3.1.3 Gratuity Fund (Funded)

The Company has been maintaining a recognized Gratuity Fund (Funded Scheme) under a trustee board separate from the Company's management.

3.11 Contingent liabilities and contingent assets

Contingencies arising from claims, litigation assessments, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured.

3.11.1 Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability should not be recognized in the financial statements, but may require disclosure. A provision should be recognized in the period in which the recognition criteria of provision have been met.

3.11.2 Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset should not be recognized. Only when the realization of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

3.12 Events after the reporting period

Events after reporting period that provide additional information about the Entity's position at the date of statement of financial position are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material. There is no material event subsequent to the reporting date till the issue of these financial statements that may materially affect the financial statements under review.

The company is directly affected by the COVID-19. Its net Occupancy, Revenue & Gross Operating Profit is declining due to the adverse impact of the COVID-19 Pandemic. However the business of the Hotel is gradually growing up.

3.13 Particulars of employees

During the year ended 31 December 2019 for Hotels International Limited there were 459 (2018: 464) who received salary of Tk. 36,000 p.a. or above.

3.14 General

i) Figures in the financial statements have been rounded off to the nearest Taka.

ii) Previous year's figures have been re-arranged wherever considered necessary to conform to the current year's presentation.

Hoda Vasi Chowdhury & Co. Dhaka

4.00 Property Plant and Equipment

4(a) Property Plant and Equipment: Non Revalued Assets

SL NO	Particulars	Cost				Rate	Depreciation				Written Down Value At 31 Dec, 2019
		Balance On 01 Jan, 2019	Addition during the period	Disposal during the Period	At 31 Dec, 2019		Balance on 01 Jan, 2019	Depreciation during the Period	Adjustment on Disposal	Balance on 31 Dec, 2019	
1	LAND & LAND DEVELOPMEND	23,944,096	-	-	23,944,096	-		-	-		23,944,096
2	LAND (8.05 ACRE)**	14,343,791		-	14,343,791	-		-	-		14,343,791
3	AIR-CONDITION & VENTILATION	80,582,346	2,340,000	-	82,922,346	10%	69,969,910	8,127,331	-	78,097,241	4,825,105
4	BARDER & BEAUTY SHOP EQUP	393,600		-	393,600	10%	393,599		-	393,599	1
5	BOILER	17,791,000	3,970,531	-	21,761,531	10%	17,790,999	397,053	-	18,188,052	3,573,479
6	CLEANING EQUIPMENTS	13,966,349	112,877	-	14,079,226	10%	10,477,713	1,350,706	-	11,828,419	2,250,807
7	COLD STORAGE & REFRIGERAT	12,733,823		-	12,733,823	10%	11,976,507	84,146	-	12,060,653	673,170
8	COMPUTER & ACCESSORIES	94,098,972	15,730,376	-	109,829,348	10%	84,261,473	8,991,677	-	93,253,150	16,576,198
9	CURTAIN, CARPET	14,479,548		-	14,479,548	10%	14,479,547		-	14,479,547	1
10	ELECTRICAL INSTALLATION	5,886,503	18,457,463	-	24,343,966	10%	2,333,391	2,379,180	-	4,712,571	19,631,395
11	ELECTRONIC DOOR LOCKING	5,509,460		-	5,509,460	10%	5,497,555	11,905	-	5,509,460	-
12	ELEVATOR	75,672,811	18,829,785	-	94,502,596	10%	15,309,212	9,450,260	-	24,759,472	69,743,124
13	FIRE FIGHTING EQUIPMENTS	1,571,580		-	1,571,580	10%	1,469,156	12,803	-	1,481,959	89,621
14	FOOD SERV & KITCHEN EQUIP	77,478,039	6,746,180	-	84,224,219	10%	71,625,799	7,779,236	-	79,405,035	4,819,184
15	FURNITURE & FIXTURES	91,679,665	31,174,498	-	122,854,163	10%	79,161,130	1,496,101	-	80,657,231	42,196,932
16	GENERAL SOUND SYSTEM	4,287,082		-	4,287,082	10%	4,143,920	143,162	-	4,287,082	-
17	GENERATORS	49,937,390		-	49,937,390	10%	31,192,338	4,898,876	-	36,091,214	13,846,176
18	HEALTH CLUB EQUIPMENTS	22,592,112		-	22,592,112	10%	18,109,184	498,103	-	18,607,287	3,984,825
19	LAN EQUIPMENTS	538,338		-	538,338	10%	538,337		-	538,337	1
20	LAUNDRY EQUIPMENTS	58,684,981	23,457,162	-	82,142,143	10%	50,755,905	7,174,390	-	57,930,295	24,211,848
21	MEDICAL EQUIPMENT	2,251,714		-	2,251,714	10%	2,251,713		-	2,251,713	1
22	MOTOR VEHICLES	90,068,590		-	90,068,590	10%	61,793,999	8,979,310	-	70,773,309	19,295,281
23	OFFICE MACHINERY & EQUIP	6,475,500	1,186,878	-	7,662,378	10%	6,472,804	697,681	-	7,170,485	491,893
24	PLUMBING WORKS	11,407,012	1,474,535	-	12,881,547	10%	11,407,010	147,454	-	11,554,464	1,327,083
25	REPAIR & MAINT.EQUIP(ENG)	2,659,708		-	2,659,708	10%	2,659,708		-	2,659,708	-
26	REPAIR & MAINT.EQUIP(HK)	417,314		-	417,314	10%	417,313		-	417,313	1
27	ROOM INTERNET SYSTEM	2,143,756		-	2,143,756	10%	1,929,384	214,376	-	2,143,760	(4)
28	SAFETY & SECURITY EQUIPM.	26,413,788	3,129,136	-	29,542,924	10%	19,887,014	2,910,404	-	22,797,418	6,745,506
29	SIGNAGE	127,330	138,853	-	266,183	10%	125,209	14,149	-	139,358	126,825
30	SIMULTANEOUS INTERED. SYSTEM	325,000		-	325,000	10%	324,999	-	-	324,999	1
31	SUBSTATIONS	755,051	8,821,800	-	9,576,851	10%	755,050	882,180	-	1,637,230	7,939,621
32	TAILORING EQUIPMENT	56,500		-	56,500	10%	56,499	-	-	56,499	1
33	TELECOMMUNICATION SYSTEM	82,844,248	7,435,558	-	90,279,806	10%	54,770,240	8,349,698	-	63,119,938	27,159,868
34	TV, SATELLITE & VIDEO EQP	39,605,316	4,086,200	-	43,691,516	10%	25,823,111	4,325,079	-	30,148,190	13,543,326
35	WATER TREATMENT PLANT	25,899,022	1,598,000	-	27,497,022	10%	25,579,003	1,821,177	-	27,400,180	96,842
36	BOUNDARY WALL	18,638,008		-	18,638,008	2.5%	6,519,605	465,950	-	6,985,555	11,652,453
37	BUILDING	988,962,086	15,142,612	-	1,004,104,698	2.5%	526,674,386	25,102,619	-	551,777,005	452,327,693
Total 2019		**1,965,221,429**	**163,832,444**	**-**	**2,129,053,873**		**1,236,932,722**	**106,705,006**	**-**	**1,343,637,728**	**785,416,145**
Total 2018		**1,928,833,606**	**36,387,823**	**-**	**1,965,221,429**		**1,138,938,714**	**97,994,008**	**-**	**1,236,932,722**	**728,288,706**

**** of 8.05 acres Land presented under this schedule includes a portion of land (1.1972 acre) which is occupied by RAJUK for their Hatirjheel project. Therefore present occupied land is 6.8528 acres (8.05-1.1972 acres)**

4(b)	Property Plant and Equipment: Revalued Assets (Building)										
		Cost					Depreciation				
SL	Particulars	Balance on 01 Jan, 2019	Additions During the year	Disposals During the year	Balance on 31st Dec, 2019	Rate	Balance on 01 Jan, 2019	Charges During the year	Adjustments on Disposal	Balance on 31 Dec, 2019	WDV 31 Dec 2019
1 & 2	Land and land development	1,501,651,102	-	-	1,501,651,102		-	-	-	-	1,501,651,102
3	Building	436,772,440	-		436,772,440	2.50%	218,386,220	10,919,311	-	229,305,531	207,466,909
	Total 2019	**1,938,423,542**	-	-	**1,938,423,542**		**218,386,220**	**10,919,311**	-	**229,305,531**	**1,709,118,011**
	Total 2018	**1,938,423,542**	-	-	**1,938,423,542**		**207,466,909**	**10,919,311**	-	**218,386,220**	**1,720,037,322**

4(c)	: Summary of Property Plant and Equipment: Revalued and Non- Revalued Assets										
		Cost					Depreciation				
SL	Particulars	Balance on 01 Jan, 2019	Additions During the year	Disposals During the year	Balance on 31st Dec, 2019	Rate	Balance on 01 Jan, 2019	Charges During the year	Adjustments on Disposal	Balance on 31 Dec, 2019	WDV 31 Dec 2019
4(a)	Property Plant and Equipment: Non Revalued Assets	1,965,221,429	163,832,444	-	2,129,053,873		1,236,932,722	106,705,006	-	1,343,637,728	785,416,145
4(b)	PPE Revalued Assets (Building)	1,938,423,542	-	-	1,938,423,542		218,386,220	10,919,311	-	229,305,531	1,709,118,011
	GRAND TOTAL -2019	**3,903,644,971**	**163,832,444**	-	**4,067,477,415**		**1,455,318,943**	**117,624,317**	-	**1,572,943,260**	**2,494,534,156**
	GRAND TOTAL -2018	**3,867,257,148**	**36,387,823**	-	**3,903,644,971**		**1,346,405,624**	**108,913,319**	-	**1,455,318,943**	**2,448,326,029**

Allocation of depreciation:

	2019 Taka	2018 Taka
Cost of sales - Note 21.2	105,861,885	98,021,987
General and administrative expenses -Note 23	11,762,432	10,891,332
	117,624,317	**108,913,319**

Note 4(d) Revaluation reserve for revalued assets:

	Other assets	Building	Land	Total
Opening balance on 01-01-1999	325,863,786	436,772,440	1,501,651,102	2,264,287,328
Depreciation adjusted up to 2016	(88,224,301)	-	-	(88,224,301)
Prior year adjustment in 2017	(237,639,485)	(196,547,598)	-	(434,187,083)
Depreciation adjustment for 2017	-	(10,919,311)	-	(10,919,311)
Depreciation adjustment for 2018	-	(10,919,311)	-	(10,919,311)
Depreciation adjustment for 2019		(10,919,311)		(10,919,311)
Closing balance as on 31-12-2018	-	**207,466,909**	**1,501,651,102**	**1,709,118,011**
				Note-12

Notes:

i) Fixed assets of the Company except "Boundary wall" were revalued effective from the year 1999. Depreciation are charged on Building and boundary wall @ 2.50% per annum while 10% depreciation are charged on all other fixed assets. No depreciation is charged on land and land development.

ii) All revalued "Other assets" have by now been fully depreciated.

iii) Revalued portion of the "Building" has not been fully depreciated as yet and thus revalued portion of this Building along with land is separately shown under note 4(b) above.

		Note	31-Dec-19 Taka	31-Dec-18 Taka
5	**Capital work in progress**			
	Hotels International Limited			
	Renovation Project expenses	*5.01*	1,178,475,480	1,058,918,102
	Construction work in progress	*5.02*	286,262,941	296,486,618
	New Expansion Project		1,008,738	1,008,738
	Capital Work-in-progress		142,760	207,389
			1,465,889,919	**1,356,620,847**

Property, plant and equipment that are in the process of construction/ acquisition, import of are accounted for as Capital-work-in progress until constructions, acquisitions, imports is completed and measured at cost.

5.01	**Renovation Project Expenses**		
	Balance on 1 January	1,058,918,102	614,688,150
	Add: Addition during the year	161,862,304	444,229,952
	Less: Capitalized during the year	(42,304,926)	-
	Balance on 31 December	**1,178,475,480**	**1,058,918,102**
5.02	**Construction work in progress (CWIP)**		
	Construction work in progress	306,710,295	306,710,295
	Less: Provision as per Board decision -1st installment	(10,223,677)	(10,223,677)
	Less: Provision as per Board decision -2nd installment	(10,223,677)	
	Total provisions made	(20,447,354)	(10,223,677)
		286,262,941	**296,486,618**

The Board approved provisioning of (Tk.306,710,295*10%) Tk.30,671,030 in three equal yearly installments of Tk. 10,223,677 per annum.

6	**Inventories**		
	Pan Pacific Sonargaon Hotel		
	Saleable merchandise *6.01*	35,657,306	30,826,265
	Operating supplies *6.02*	20,534,015	20,725,511
	Goods in transit (Merchandise)	2,529,712	6,627,954
		58,721,033	**58,179,730**
6.01	**Saleable merchandise**		
	Food	9,881,334	8,383,413
	Beverage	25,775,972	22,442,852
		35,657,306	**30,826,265**
6.02	**Operating supplies**		
	General/guest/other supplies	3,687,945	4,028,934
	Cleaning supplies	479,682	580,368
	Engineering supplies	13,822,243	13,968,235
	Printing and stationery	1,346,110	1,106,254
	Medical supplies	173,845	166,357
	Laundry supplies	1,024,190	875,363
		20,534,015	**20,725,511**
7	**Trade and other receivables**		
	Trade receivables *7.01*	119,128,125	103,282,690
	Other receivables *7.02*	86,065,825	79,047,168
		205,193,950	**182,329,858**
7.01	**Trade receivables**		
	Pan Pacific Sonargaon Hotel		
	Commercial	45,822,066	42,958,296
	Government	34,720,789	41,176,073
	Sonargaon credit card	2,772,757	2,103,346
	General ledger (guest)	6,918,345	1,987,353
	International credit card	9,796,081	6,246,905
	Others	21,172,392	10,885,022
	Insurance Claim	-	-
		121,202,430	**105,356,995**
	Less : Provision for doubtful debts *7.03*	(2,074,305)	(2,074,305)
		119,128,125	**103,282,690**

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		Note	31-Dec-19 Taka	31-Dec-18 Taka
7.02	**Other receivables**			
	Hotels International Limited:			
	Accrued interest from FDR		86,065,825	76,375,778
	Pan Pacific Sonargaon Hotel:			
	VAT receivable		-	2,671,390
			86,065,825	**79,047,168**

After the introduction of The Value Added Tax and Supplementary Duty Act, 2012, input VAT and output VAT has been adjusted in every month , so no current accounts are created at the year end.

7.03	**Provision for doubtful debts**			
	Balance on 1 January		2,074,305	2,074,305
	Add: Provision made during the year		-	-
	Less: Realized during the year against prior year's provision		-	-
	Balance on 31 December		**2,074,305**	**2,074,305**
8	**Advances, deposits and prepayments**			
	Advances	8.01	12,187,975	6,898,224
	Deposits	8.02	5,414,054	2,981,161
	Prepayments	8.03	6,952,642	8,846,033
			24,554,671	**18,725,418**
8.01	**Advances:**			
8.01.1	**Hotels International Limited:**			
	Advances to staff		907,308	1,104,225
	Interior Accom for Renovation work		-	-
	Advance to BUET for Pile Integrity Test		978,896	978,896
	Advance to MBN		9,769,900	2,791,400
	S Ahmmed and Associates		20,000	20,000
	Others		190,320	1,437,520
			11,866,424	**6,332,041**
8.01.2	**Pan Pacific Sonargaon Hotel:**			
	Advances		321,551	566,183
			12,187,975	**6,898,224**
8.02	**Deposits:**			
8.02.1	**Hotels International Limited:**			
	Municipal Corporation		3,000	3,000
	Dhaka Electric Supply		491,400	491,400
	Power Development Board		35,000	35,000
	Titas Gas		1,573,650	1,573,650
	T&T Board		106,000	106,000
			2,209,050	**2,209,050**
8.02.2	**Pan Pacific Sonargaon Hotel:**			
	Security deposits		3,205,004	772,111
			5,414,054	**2,981,161**
8.03	**Prepayments:**			
8.03.1	**Hotels International Limited:**			
	Land Development Tax		78,750	78,750
	Municipal Tax		1,289,945	1,504,936
	Trade License Fees		-	-
	Insurance Premium (vehicle)		24,972	63,245
			1,393,667	**1,646,931**
8.03.2	**Pan Pacific Sonargaon Hotel:**			
	General Insurance		2,000,000	2,000,000
	Vehicle Insurance		515,052	693,483
	Others		3,043,923	4,505,619
			5,558,975	**7,199,102**
			6,952,642	**8,846,033**

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		Note	31-Dec-19 Taka	31-Dec-18 Taka
9	**Cash and cash equivalents**			
9.01	**Cash in hand**			
	Hotels International Limited		20,711	24,442
	Pan Pacific Sonargaon Hotel		11,660,838	24,336,247
			11,681,549	**24,360,689**
9.02	**Cash at bank:**			
	Hotels International Limited			
	Short term deposits (STD)		**63,167,797**	**22,482,317**
	Fixed deposits receipt (FDR)			
	Exim Bank Limited		719,189,248	801,887,322
	First Security Islami Bank Limited		266,921,392	247,413,655
	Mercantile Bank Ltd		57,490,109	53,274,819
	One Bank Limited		394,271,685	439,877,314
	Sonali Bank Limited		249,257,904	237,542,126
	Standard Bank Limited		876,758,610	803,018,894
	Pubali Bank Limited		108,159,053	104,576,175
	Shahjalal Islami Bank Limited		243,427,350	354,200,204
	South Bangla Agriculture & Commerce Bank Ltd		62,912,602	-
			2,978,387,953	**3,041,790,509**
9.03	**Pan Pacific Sonargaon Hotel**			
	Current accounts (Temporary OD)		5,458,920	(14,665,150)
	Short term deposits (STD)		46,316,854	11,956,253
	Fixed deposits receipt (FDR)		41,345,267	38,873,459
			93,121,041	**36,164,562**
	Total Cash and cash equivalents		**3,146,358,340**	**3,124,798,077**

This represents FDRs having 3-month to 11 months maturity period, which are automatically renewed unless notice for encashment is given to the bank. All the above cash and cash equivalents are free from any restriction to use except FDR of Pan Pacific Sonargaon Hotel amounting to Tk. 41,345,267 which is kept under lien with Pubali Bank Ltd against a Bank Guarantee of Tk. 10,600,000 issued by the bank in favor of the Pan Pacific Sorangaon Dhaka to the Honorable Supreme Court of Bangladesh regarding a VAT related

10	**Operating assets**		
	Pan Pacific Sonargaon Hotel		
	China glass and wooden wares	13,675,337	13,049,690
	Silver and stainless wares and Kitchen utensils	18,770,691	19,730,001
	Uniforms	5,862,546	6,374,568
	Linen	17,949,402	21,163,202
		56,257,976	**60,317,461**
11	**Share capital**		
	Authorized:		
	6,000,000 ordinary shares of Tk 100 each	**600,000,000**	**600,000,000**
	Issued and paid up:		
	5,933,463 ordinary shares of Tk 100 each	**593,346,300**	**593,346,300**
	Particulars of Shareholdings:		

	No. of shares	Taka	Taka
Ordinary shares of Tk. 100 each issued for consideration other than cash	5,519,500	551,950,000	551,950,000
Ordinary shares of Tk.100 each issued @ 7.50% as bonus shares	413,963	41,396,300	41,396,300
	5,933,463	**593,346,300**	**593,346,300**

i) As on 1 January 2007 there were 5,519,500 ordinary shares of Tk. 100 each of which 7 Shares were issued to seven shareholders as nominees of the Government of Bangladesh and the remaining 5,519,493 shares have been issued to Government of Bangladesh.

	Note	31-Dec-19 Taka	31-Dec-18 Taka

ii) In terms of agenda 4 of Minutes of 22nd Annual General Meeting of the Company held on 23-2-2001, 413,953 of ordinary shares of Tk.100 each being 7.50% of 5,519,500 shares have been allotted to shareholders as Bonus Shares and share certificates have been issued on 07-10-2001 in the name of The Government of the Peoples Republic of Bangladesh on the understanding that these were in fact owned by the Government.

12 Fixed assets revaluation reserve

Hotels International Limited

Opening balance		1,720,037,322	1,730,956,633
Revaluation reserve against building adjusted for the year	4(b)	(10,919,311)	(10,919,311)
Total (Ref. Note-4(d)		**1,709,118,011**	**1,720,037,322**

All tangible fixed assets of the company were revalued at 31 December 1998. The revaluation was carried out by the suitably qualified professionals who were independent of the Company. The revaluation reserve represents net surplus arose as a result of this revaluation.

13 Grant from Government of Bangladesh

Hotels International Limited

Grant from Government of Bangladesh	206,000,000	206,000,000
	206,000,000	**206,000,000**

A claim of Tk 216,000,000 for customs duty and sales tax on import of plant and machinery and equipment was made by Customs Authority during construction phase of the Pan Pacific Sonargaon Hotel against which Tk 10,000,000 was paid in 1992 and the balance amount of Tk 206,000,000 was paid by the Government to the Customs Authority by way of book adjustment and treated as grant to HIL vide letter no. Bi Po Mo/ Po Ko-2(6)/91-169 dated 24 June 1993. Therefore, the amount is not repayable to the Government. The Board of Directors have approved this sum to be converted into paid-up capital, but implementation is pending as of now.

14 Liabilities for Employees' benefits

Hotels International Limited

Workers' Profit Participation Fund (WPPF)	*14.01*	23,598,295	28,935,792
Pan Pacific Sonargaon Hotel			
Liabilities for Employees' retirement benefit	*14.02*	72,228,348	60,522,590
Liabilities for Employees benefit-Gratuity	*14.03*	-	-
		95,826,643	**89,458,382**

14.01 Workers' Profit Participation Fund (WPPF)

Opening Balance	28,935,792	38,152,409
Add: Contribution during the year	21,478,567	26,816,064
Lees: Paid to WPPF fund	(26,816,064)	(36,032,681)
Closing Balance	**23,598,295**	28,935,792

The Board in their 388th meeting dt. 21-8-2017, agreed to introduce Workers' Profit Participation Fund (WPPF) from the year 2016. Accordingly the Company introduced the WPPF Fund effective from the financial year 2016 and also established a Trustee Board in the year 2018 separate from the management of the Company to deal with the WPPF Fund. Contribution for the year 2016 and 2017 paid to the fund in 2018.

14.02 Provision for Employees' benefit (Retirement Benefit)	**72,228,348**	**60,522,590**

These amounts represents provisions made to meet the retirement packages offered to the employees of Hotels International Ltd and Pan Pacific Sonargaon Hotel.

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		Note	31-Dec-19 Taka	31-Dec-18 Taka
14.03	**Employees' gratuity fund**			
	Gratuity		**279,948,046**	**276,717,230**
	Liability for gratuity			
	Opening		-	-
	Add: During the year		37,828,843	52,024,108
	Less: Paid to fund during the year		(37,828,843)	(52,024,108)
			-	-

The Hotel operates a recognized and funded gratuity scheme for its permanent employees under the management of trustee board separate from the management of the HOTEL amounted to Tk 279,948,046 (31 December 2018 amounted to Tk. 276,717,230). The potential maximum liability under this fund as at 31 December 2019 is Tk. 279,948,046 and the hotel has set this aside.

15	**Interest payable on loan**			
	Hotels International Limited			
	Interest payable on Grant from GOB		129,996,200	129,996,200
			129,996,200	**129,996,200**

The amount represents interest provided up to March 2002 on principal loan which was partially converted into capital in the year 1985 leaving a balance amount of Tk. 9,600,000 which has subsequently been fully repaid. The interest payable amount is under negotiation with the government.

16	**Trade and other payables**			
	Trade payables	*16.01*	56,976,444	49,500,284
	Other payables	*16.02*	283,735,843	321,732,786
			340,712,287	**371,233,070**
16.01	**Trade payables**			
	Hotels International Limited			
	Trade		4,576,599	6,473,596
	Pan Pacific Sonargaon Hotel			
	Trade		24,574,409	18,020,559
	Others		9,360,838	7,722,354
	Pan Pacific Hotels & Resorts Private Limited		18,464,598	17,283,775
			56,976,444	**49,500,284**
16.02	**Other payables**			
	Hotels International Limited			
	Security deposits deducted from suppliers' bills		27,780,513	15,939,584
	Advance Income Tax deducted from suppliers' bills.		4,140,659	779,278
	VAT deducted from suppliers and others' bills		5,015,693	1,045,348
	Retention money	*16.02.1*	208,649,135	266,943,493
	Security deposits received (shop rental)		16,357,816	15,803,056
	Pan Pacific Sonargaon Hotel			
	Security deposits and other creditors		21,792,027	21,222,027
			283,735,843	**321,732,786**
16.02.1	**Retention money (HIL)**			
	J.V of Interior Accom Eng. Co.		162,528,700	221,451,123
	K-Tec ACL		24,730,383	24,730,383
	Seatec		6,049,136	6,049,136
	MBN International		1,465,486	837,421
	Others		13,875,430	13,875,430
			208,649,135	**266,943,493**

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		Note	31-Dec-19 Taka	31-Dec-18 Taka
17	**Accrued expenses and provisions**			
17.01	**Hotels International Limited (HIL)**			
	Audit fee		355,275	343,775
	Other accrued expenses		530,025	395,886
			885,300	**739,661**
17.02	**Pan Pacific Sonargaon Hotel**			
	Professional fees		1,260,800	1,120,925
	Audit Fees		310,000	310,000
	Provident Fund Audit Fee		180,000	180,000
	Service charges		16,052,636	15,279,917
	Salaries and wages		20,669,081	13,902,594
	Utilities		8,796,048	8,976,502
	Tips and others		27,220	10,906
	Taxes other than corporate tax		84,383,488	73,302,493
	Other accrued expenses		12,311,703	8,653,252
			143,990,976	**121,736,589**
			144,876,276	**122,476,250**
18	**Unearned revenue**			
	Pan Pacific Sonargaon Hotel			
	Deposit (banquet and others)		39,933,970	34,254,670
	Rental		65,575	518,685
			39,999,545	**34,773,355**
19	**Current tax liability**			
	Tax liabilities	*19.01*	96,363,682	130,840,375
	Advance tax paid	*19.02*	45,991,060	45,991,060
			50,372,622	**84,849,315**
19.01	**Tax liabilities**			
	Opening balance		130,840,375	165,959,683
	Add: Provision made for AY 2020-21 (FY 2019)	*27*	154,780,638	-
	Provision made for AY 2019-20 (FY 2018)	27	19,594,054	178,326,823
			305,215,067	**344,286,506**
	Less: Adjustment against completion of assessment			
	Paid against provision for AY 2020-21 (FY 2019)		34,152,972	-
	Paid against provision for AY 2019-20 (FY 2018)		112,030,062	32,894,775
	Paid against AY 2018-19 (FY-2017)		-	87,617,905
	Paid against provision for AY 2017-18 (FY 2016)		-	55,437,187
	Paid against provision for AY 2019-20 (FY 2018)		19,594,054	
	Adjustment against advance tax payments AY 2019-20 (FY 2018)		-	37,496,264
	Adjustment against advance tax payments AY 2020-21 (FY 2019)		43,074,297	-
			208,851,385	**213,446,131**
	Closing balance	*19*	**96,363,682**	**130,840,375**
19.02	**Advance tax paid**			
	Opening balance		45,991,060	45,991,060
	Add: Payment during the year			
	Paid against AY 2020-21 (FY-2019)		34,152,972	
	Paid against AY 2019-20 (FY-2018)		112,030,062	32,894,775
	Paid against AY 2018-19 (FY-2017)		-	78,137,609
			192,174,094	**157,023,444**
	Less: Adjustment against completion of assessment			
	Paid against AY 2020-21 (FY-2019)		34,152,972	
	Paid against AY 2019-20 (FY-2018)		112,030,062	32,894,775
	Paid against AY 2018-19 (FY-2017)		-	78,137,609
			146,183,034	**111,032,384**
	Closing balance	*19*	**45,991,060**	**45,991,060**

		Note	2019 Taka	2018 Taka
20	**Revenue**			
	Pan Pacific Sonargaon Hotel			
	Rooms		476,834,422	594,542,187
	Food and beverage		836,825,693	842,683,624
	Telephone and internet		6,565,565	7,421,393
	Laundry		21,496,797	22,707,592
	Guest transportation		11,722,578	12,363,428
	Rental income from shop		30,798,584	30,247,934
	Other operating departments		39,839,512	40,553,905
			1,424,083,151	**1,550,520,063**
21	**Cost of sales**			
21.01	**Pan Pacific Sonargaon Hotel**			
	Rooms		191,149,677	196,218,720
	Food and beverage		438,516,317	432,858,325
	Telephone and internet		1,021,186	1,052,869
	Laundry		1,027,977	1,091,986
	Guest Transportation		11,864,821	10,063,880
	Other operating Departments		20,968,726	19,705,903
			664,548,704	**660,991,683**
21.02	**Hotels International Limited**			
	Depreciation	*4(a)*	105,861,885	98,021,987
			770,410,589	**759,013,670**
22	**Other income**			
	Hotels International Limited			
	Interest on FDR		289,103,280	258,022,186
	Other income		4,248,706	5,120,164
			293,351,986	**263,142,350**
23	**General and administrative expenses**			
	Hotels International Limited			
	Payroll and related expenses	*23.01*	38,397,894	31,614,772
	Directors' remuneration		575,500	827,060
	Remuneration of PO to Chairman		36,000	22,500
	Honorarium of Chairman		480,000	300,000
	Honorarium of PS to Chairman		72,000	45,000
	General expenses		1,074,264	1,409,502
	Insurance premium including Vehicle insurance		3,680,881	3,736,285
	Municipal tax		2,794,881	2,579,891
	Employees' income tax		3,766,990	7,353,610
	Depreciation	*4(c)*	11,762,432	10,891,332
	Postage, email, fax and telephone		273,026	461,950
	Publicity and Advertisement		157,851	177,000
	Fuel , Oil & Lubricant		383,316	382,907
	Repairs and maintenance - vehicles		458,448	386,244
	Repairs and maintenance - office		35,301	15,000
	Printing and stationary		432,321	527,527
	Loss on Construction work in progress	*5.02*	10,223,677	10,223,677
	Legal and professional fees		961,528	475,630
	License fees		589,588	69,038
	Audit fee		143,750	143,750
	Newspapers and periodicals		70,222	30,764
	Traveling expenses		23,060	48,007
	Liveries & uniform		101,251	111,779
	Computer & software maintenance		94,755	164,350
	Digital Tourism world fair expenses		-	113,358
	Board & SCFA meeting expenses		-	33,738
	Staff food		1,506,251	2,135,236
	Medical expenses		417,545	335,230
	AGM expenses		409,810	835,069
	TEC Meeting expenses		797,410	598,310
	Staff training		629,034	186,162
	Miscellaneous		182,500	207,246
			80,531,486	**76,441,925**

	Note	2019 Taka	2018 Taka
Pan Pacific Sonargaon Hotel			
Payroll and related expenses		85,720,205	89,556,221
Management fees		34,291,212	47,501,892
It system		23,378,724	22,032,730
Tax /Vat on management fees		14,233,300	11,927,401
Credit collection expenses		429,373	452,830
Insurance-general		2,145,140	2,145,140
Printing and stationery		924,708	1,012,701
Uniform		45,659	50,999
Audit Fees		155,000	155,000
PF Audit Fees		90,000	90,000
Professional Fees		429,350	419,750
Legal Fees		-	65,000
Trade association dues		70,000	50,000
Traveling and entertainment		483,060	1,075,045
Laundry and dry cleaning		220,234	189,678
Telephone/ communication		1,493	86,211
Ansar		13,499,381	13,706,302
Learning & development		-	359,684
Others		600,781	701,308
		176,717,620	**191,577,892**
		257,249,106	**268,019,817**

23.01 Employee benefits

Hotels International Limited			
Salaries and allowances	*23.01.1*	23,301,133	22,043,650
Festival bonus		1,829,493	1,849,199
Bengali new year allowance		181,468	183,500
Overtime allowance		33,000	33,000
Performance bonus		7,011,174	7,039,298
Retirement benefits		5,122,626	-
Iftar allowance		19,000	16,125
Ex-Com Allowance		900,000	450,000
		38,397,894	**31,614,772**

23.01.1 Salaries and allowances

Hotels International Limited		
Basic salary	11,116,958	11,094,403
House rent allowance	6,426,034	6,224,669
Conveyance allowance	904,800	951,474
Special allowance	6,000	6,000
Entertainment allowance	18,000	18,029
Salary PO to MD	100,000	5,984
Telephone allowance	160,400	129,619
Medical allowance (Family)	2,615,150	1,971,363
Employer's contribution to PF	913,031	918,770
Cell phone allowance	16,500	-
Car maintenance allowance	600,000	600,807
Recreation allowance	145,260	-
Education allowance	279,000	122,532
	23,301,133	**22,043,650**

Hoda Vasi Chowdhury & Co. Dhaka

		Note	2019 Taka	2018 Taka
24	**Property operation and maintenance expenses**			
	Pan Pacific Sonargaon Hotel			
	Payroll and related expenses		35,562,285	35,254,127
	Electricity		75,338,426	73,098,500
	Gas		8,050,362	8,867,123
	Water		12,845,931	11,028,938
	Building		5,822,623	6,054,198
	Electrical and mechanical equipment		5,191,762	3,937,023
	Engineering supplies		1,819,612	2,267,462
	Office equipment		24,000	(24,000)
	Automobile expenses		1,986,629	1,180,730
	Elevator and escalators		584,100	114,988
	Electrical bulbs		2,168,369	834,920
	Kitchen equipment		606,925	1,429,612
	Plumbing and heating		2,493,625	1,908,389
	Laundry equipment		733,532	749,667
	Furniture and fittings		3,927,948	2,613,019
	Air conditioning		4,562,033	4,803,880
	Maintenance and other expenses		4,294,012	3,092,372
	Land & land development (Land Tax) expenses		189,000	173,940
			166,201,174	**157,384,888**
25	**Marketing expenses**			
	Payroll and related expenses		38,338,269	35,214,640
	Advertisement and public relation		17,931,595	17,804,169
	Marketing fees		18,998,801	20,688,609
	Tax/ Vat on Marketing fee		6,099,986	5,111,743
			81,368,651	**78,819,161**
26	**Finance expenses**			
26.01	**Hotels International Limited**			
	Bank commission and charges		4,875	365,892
	Excise Duty		968,500	871,500
			973,375	**1,237,392**
26.02	**Pan Pacific Sonargaon Hotel**			
	Bank charges on credit card		13,165,228	14,416,819
			14,138,603	**15,654,211**
27	**Current tax expenses**			
	AY 2019-20 (FY 2019)	*27.01*	154,780,638	-
	AY 2019-20 (FY 2018)		-	178,326,823
			154,780,638	**178,326,823**
	Adjustment against payment for prior years (Income year 2018) Short Provision		19,594,054	-
	Current tax expenses		**174,374,692**	**178,326,823**
27.01	**Computation of Current tax (Ref. Note-3.09(i))**			
	i) Computation of total Income Tax liability based on taxable income		**154,780,638**	**178,326,823**
	ii) Minimum tax @ 0.60% of gross receipts as per section 82C (4) (b) (i) of ITO 1984		**10,310,118**	**9,303,120**

As per Finance Act (# 28) 2016 total turnover tax or computation of tax liability whichever is higher: Therefore current tax provision has been made for Tk. 154,780,638 (2018 Tk. 178,326,823) being the higher amount of the two as above.

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		31-Dec-19 Taka	31-Dec-18 Taka
28	**Contingent liabilities (HIL and PPSH)**	**786,203,310**	**786,203,310**

28.01 Hotel International Limited:- HIL has the following contingent liabilities:

Assessment year	Remarks	Balance tax demanded including simple interest	Balance tax demanded including simple interest
A/Y 2008-2009 (FY 2007)	Hearing pending in the Hon'ble High Court	17,098,255	17,098,255
A/Y 2009-2010 (FY2008)	Appeal to be filed with the Commissioner of Taxes (Appeals)	25,415,198	25,415,198
A/Y 2010-2011 (FY 2009)	Appeal to be filed with the Commissioner of Taxes (Appeals)	26,411,970	26,411,970
A/Y 2012-2013 (FY 2011)	Appeal (2nd) pending with the Tribunal	51,965,606	51,965,606
A/Y 2013-2014 (FY 2012)	Appeal (2nd) pending with the Tribunal	49,754,484	49,754,484
A/Y 2015-2016 (FY 2014)	Appeal (2nd) pending with the Tribunal	68,053,074	68,053,074
A/Y 2016-2017 (FY 2015)	Appeal to be filed with the Commissioner of Taxes (Appeals)	38,704,661	38,704,661
A/Y 2017-2018 (FY 2016)	Appeal to be filed with the Commissioner of Taxes (Appeals)	12,884,456	12,884,456
	Sub-total -HIL	**290,287,704**	**290,287,704**

28.02 Pan Pacific Sonargaon Dhaka: PPSG has the following contingent liabilities

1	The Hotel has filed a Writ Petition in the Hon'ble High Court Division of the Hon'ble Supreme Court against a claim from VAT authority in the year 2004. The case is pending for hearing.	4,105,114	4,105,114
2	The Hotel has filed a Writ Petition in the Hon'ble High Court Division of the Hon'ble Supreme Court against a claim from VAT authority in the year 2009. The case is pending for hearing.	100,036,184	100,036,184
3	The Hotel has filed a Writ Petition in the Hon'ble High Court Division of the Hon'ble Supreme Court against a claim from VAT authority in the year 2011. The case is pending for hearing.	107,456,016	107,456,016
4	The Hotel has filed a Writ Petition in the Hon'ble High Court Division of the Hon'ble Supreme Court against a claim from VAT authority in the year 2014. The case is pending for hearing.	284,318,292	284,318,292
	Sub-total -PPSH	**495,915,606**	**495,915,606**
	Grand Total -HIL and PPSH	**786,203,310**	**786,203,310**

29 Earnings Per Share (EPS)

Net profit attributable to ordinary shareholders	233,215,624	331,178,394
Number of ordinary shares	5,933,463	5,933,463
Earnings Per Share (EPS)	**39.31**	**55.82**

The Company presents Earnings Per Share (EPS) in accordance with IAS 33 Earnings Per Share, which has been shown on the face of Profit or Loss and other comprehensive income.

i) Basic Earnings Per Share (BEPS)

This has been calculated by dividing the profit or loss attributable to the ordinary shareholders by the number of ordinary shares outstanding at the end of the year.

ii) Diluted Earnings Per Share (DEPS)

No diluted EPS is required to be calculated for the year as there is no dilutive potential ordinary shares during the year under review.

30 Commitments

There are no Capital commitment at the reporting date.

Managing Director *Director* *Company Secretary*

Annexure - A

FIXED ASSETS SCHEDULE WITH VALUATION

SL	Particulars	Cost				Rate	Depreciation				WDV 31 Dec 2019
		Balance on 01 Jan, 2019	Additions During the year	Disposals During the year	Balance on 31 Dec, 2019		Balance on 01 Jan, 2019	Charges During the year	Adjustments on Disposal	Balance on 31 Dec, 2019	
1	Land (8.05 acre)	1,515,994,893	-	-	1,515,994,893	-	-	-	-	-	1,515,994,893
2	Land Development	23,944,096	-	-	23,944,096	-	-	-	-	-	23,944,096
	Land and Land development-Including valuation	**1,539,938,989**	-	-	**1,539,938,989**		-	-	-	-	**1,539,938,989**
3	Building	1,425,734,526	15,142,612		1,440,877,138	2.50%	745,060,606	36,021,930		781,082,536	659,794,602
4	Boundary Wall	18,638,008	-	-	18,638,008	2.50%	6,519,605	465,950	-	6,985,555	11,652,453
	Building including valuation	**1,444,372,534**	**15,142,612**	-	**1,459,515,146**		**751,580,211**	**36,487,880**	-	**788,068,091**	**671,447,055**
5	Plumbing Works	11,407,011	1,474,535		12,881,546	10.00%	11,407,010	147,454		11,554,464	1,327,082
6	Generator	49,937,390		-	49,937,390	10.00%	31,192,338	4,898,876	-	36,091,214	13,846,176
7	Simultaneous Interred. System	325,000		-	325,000	10.00%	324,999	-	-	324,999	1
8	Water Treatment Plant	25,899,022	1,598,000	-	27,497,022	10.00%	25,579,003	1,821,177	-	27,400,180	96,843
	Plant and machinery	**87,568,423**	**3,072,535**	-	**90,640,958**		**68,503,350**	**6,867,507**	-	**75,370,857**	**15,270,102**
9	Substation	755,051	8,821,800	-	9,576,851	10.00%	755,050	882,180	-	1,637,230	7,939,621
10	Computer Accessories	94,098,972	15,730,376	-	109,829,348	10.00%	84,261,473	8,991,677	-	93,253,150	16,576,199
11	Room Internet System	2,143,756		-	2,143,756	10.00%	1,929,384	214,376	-	2,143,760	(4)
12	Land Equipment	538,338		-	538,338		538,337	-	-	538,337	1
	Computer and Accessories	**97,536,117**	**24,552,176**	-	**122,088,293**		**87,484,244**	**10,088,233**		**97,572,477**	**24,515,817**
13	Furniture Fixture	91,679,665	31,174,498	-	122,854,163	10.00%	79,161,130	1,496,101	-	80,657,231	42,196,932
14	Curtain Carpet	14,479,548			14,479,548	10.00%	14,479,548	-		14,479,548	-
	Furniture and fixture	**106,159,213**	**31,174,498**	-	**137,333,711**		**93,640,678**	**1,496,101**	-	**95,136,779**	**42,196,932**
15	Cold Storage & Reef.	12,733,823		-	12,733,823	10.00%	11,976,507	84,146	-	12,060,653	673,170
16	Air-condition & Ventilation	80,582,346	2,340,000	-	82,922,346	10.00%	69,969,910	8,127,331	-	78,097,241	4,825,105
17	Boiler	17,791,000	3,970,531	-	21,761,531	10.00%	17,790,999	397,053	-	18,188,052	3,573,479
18	Elevator	75,672,811	18,829,785	-	94,502,596	10.00%	15,309,212	9,450,260	-	24,759,472	69,743,125
19	Electrical Installation	5,886,503	18,457,463		24,343,966	10.00%	2,333,391	2,379,180	-	4,712,571	19,631,395
20	Electronic Door Locking System	5,509,460	-		5,509,460	10.00%	5,497,555	11,905		5,509,460	-
	Electrical equipment	**198,175,943**	**43,597,779**	-	**241,773,722**		**122,877,574**	**20,449,875**	-	**143,327,449**	**98,446,274**
21	General Sound System	4,287,082	-	-	4,287,082	10.00%	4,143,920	143,162	-	4,287,082	-
22	Food Service & Kitchen Eqp.	77,478,039	6,746,180	-	84,224,219	10.00%	71,625,799	7,779,236	-	79,405,035	4,819,184
23	Office Machinery Eqpt.	6,475,500	1,186,878	-	7,662,378	10.00%	6,472,804	697,681	-	7,170,485	491,893
24	Cleaning Eqpt.	13,966,349	112,877	-	14,079,226	10.00%	10,477,713	1,350,706	-	11,828,419	2,250,807
25	Repair & Maintenance Eqpt. (eng)	2,659,709		-	2,659,709	10.00%	2,659,708	-	-	2,659,708	1
26	Barber & Beauty Shop Eqpt.	393,600		-	393,600	10.00%	393,599	-	-	393,599	1
27	Signage	127,330	138,853		266,183	10.00%	125,209	14,149		139,358	126,825
28	Medical Equipment	2,251,714		-	2,251,714	10.00%	2,251,714	-	-	2,251,714	-
29	Health Club Eqpt.	22,592,112		-	22,592,112	10.00%	18,109,186	498,103	-	18,607,289	3,984,823
30	Telecommunication System	82,844,248	7,435,558	-	90,279,806	10.00%	54,770,240	8,349,698	-	63,119,938	27,159,868
31	T.V. sate & Video Eqpt.	39,605,316	4,086,200	-	43,691,516	10.00%	25,823,111	4,325,079	-	30,148,190	13,543,326
32	Fire Fighting Equipment	1,571,580	-		1,571,580	10.00%	1,469,155	12,803		1,481,958	89,622
33	Laundry Equipment	58,684,981	23,457,162		82,142,143	10.00%	50,755,905	7,174,390	-	57,930,295	24,211,848
34	Tailoring Equipment	56,500		-	56,500	10.00%	56,499	-	-	56,499	1
35	Repair & Maintenance Eqpt. (hk)	417,314	-	-	417,314	10.00%	417,313	-	-	417,313	1
36	Safety & Security Eqp.	26,413,788	3,129,136	-	29,542,924	10.00%	19,887,014	2,910,404	-	22,797,418	6,745,506
	Office equipment	**339,825,162**	**46,292,844**	-	**386,118,006**		**269,438,889**	**33,255,411**	-	**302,694,300**	**83,423,706**
37	Motor Vehicle	90,068,590	-	-	90,068,590	10.00%	61,793,999	8,979,310	-	70,773,309	19,295,281
	Motor vehicles	**90,068,590**	-	-	**90,068,590**		**61,793,999**	**8,979,310**	-	**70,773,309**	**19,295,281**
	Total 2019	**3,903,644,971**	**163,832,444**	-	**4,067,477,415**		**1,455,318,943**	**117,624,317**	-	**1,572,943,260**	**2,494,534,156**
	Total 2018	**3,867,257,148**	**36,387,823**	-	**3,903,644,971**		**1,346,405,623**	**108,913,319**	-	**1,455,318,943**	**2,448,326,029**

Hoda Vasi Chowdhury & Co. Dhaka

Managing Director *Director* *Company Secretary*