

BANGLADESH FILM DEVELOPMENT CORPORATION

**AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**



**BANGLADESH FILM DEVELOPMENT
CORPORATION**

**JOINT AUDIT
BY**

**MAHFEL HUQ & CO.
CHARTERED ACCOUNTANTS**

**MASUD ALTAF & CO.
CHARTERED ACCOUNTANTS**

Bangladesh Film Development Corporation

Tejgaon, Dhaka.

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Independent Auditors' Report **to the Shareholders of Bangladesh Film Development Corporation**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Bangladesh Film Development Corporation (the Company), which comprise the Statement of Financial Position as at 30 June, 2022 and the Statement of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the year then ended 30 June, 2022 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

1. The Corporation has been incurring loss year after year. Its accumulated loss was Tk. 1,423,253,487 as at 30 June 2022 and, as of that date the Company's current liabilities exceeded its current assets by Tk. 130,248,482. These conditions or events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue its operation in foreseeable future and it also seems that the company is unable to run its operation without government support.
2. The company could not provide us with sufficient appropriate evidence of property, plant and equipment as per the statement of financial position as at 30 June 2021 amounting to Tk. 646,639,866. We are unable to satisfy ourselves as to the physical existence of Property, Plant and Equipment through other audit procedures. Therefore, the existence of property, plant and equipment is subject to physical verification.
3. As disclosed in note no. 17 in the notes to the financial statements, an amount of Tk. 8,596,773 has been shown under the heading "Provision for income tax" without any movement since 2006. No provision has been made in the financial statements from 2006 up to the year of our audit. As a result, net profit has been overstated and liabilities have been understated since 2006.
4. As disclosed in note no. 05 in the notes to the financial statements, the value of digital sound equipment has also been carried forward in the accounts since 2007. We have been informed that due to a dispute with the importer regarding the quality of the goods supplied, which has not yet been settled, the total amount shown under this heading has not been adjusted and transferred to fixed assets. However, we have been informed that litigation against the importer is pending before the court. We note that the equipment supplied is obsolete and not in a usable condition. No provision has been made in the accounts for any loss.

5. As disclosed in note no. 09 in the notes to the financial statements, raw film and chemical, the company had shown Tk. 54,029,105 and Tk. 4,791,711 respectively. During our audit, we found that the inventories were obsolete and damaged. The management did not report the inventories at the lower of cost and net realisable value but only at cost, which is a deviation from IFRS. The company's records indicate that inventories should be written down to their net realisable value (NRV). If the company had reported the inventories at NRV, cost of sales would have been increased and income taxes, net profit and equity would have been reduced.
6. As disclosed in note no. 07 & 08 in the notes to the financial statements, provision for bad debts amounting to Tk. 18,095,070 & 500,000 which has been netted against receivables & advances, deposits & prepayments. We have not received any evidence.
7. For the prior year adjustment of Tk. 350,411 we did not receive sufficient supporting evidence.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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), Bangladesh Securities and Exchange Commission (BSEC) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

1. **Note No. 07.00 Released Film: Tk. 49,566,082**
It should be noted that a large part of the above amount has been carried forward for a long time and a large part of the amount appears to be doubtful of realization for which no provision has been made in the accounts.
2. **Note No. 07.00 Under Production Film: Tk. 192,823,162**
We have not been provided with the ageing schedule of the above amount of receivables from film in production. It is our understanding that the majority of this amount is long past due. In the absence of aging, we could not assess the material risk of the above amount, whether the amount is realisable or not.
3. **Note No. 08.01.03 Blocked Account. Tk. 24,400**
It represents demonetised notes that could not be encashed by Bangladesh Bank in time and this amount is considered bad and unrealisable.
4. **Note No. 12.00 Loan from Government: Tk. 361,548,111**

A sum of Tk. 361,548,111 as at 30 June 2021 is shown under the heading "Loan from Government" as a long-term liability in Note No. 12 of the Notes to the Financial Statements, which has been carried forward for a long time without any addition or

adjustment and the management was unable to provide any documents in support of such loan. Consequently, we were unable to verify/confirm the said liabilities.

5. Note No. 13.01 Sundry Creditors: Tk. 16,668,203

As disclosed in note no. 13.00 in the notes to the financial statements under the heading "Accounts Payable", an amount of Tk. 16,668,203 is included under Sundry Creditors. 13.01 In the released film (Appendix-M), an amount of Tk. 9,659,797, most of which has been carried forward for a long time without any addition or adjustment. No vouchers for the said transaction were submitted to us for verification. Consequently, the said amount remained unconfirmed.

6. Note No. 17.00 Provision for Interest on Government Loan: Tk.489,191,793

As disclosed in note no. 17.00 of the notes to the financial statements under the heading "Provision for interest on Government loan", an amount of Tk. 489,191,793 is included in Note no. 17.01, 17.02 and 17.03 of the notes to the financial statements as current liabilities against government loan amounting to Tk. 421,548,111. It is worth mentioning that the amount of interest provision has exceeded the principal amount by Tk. 67,643,682 due to charging 5% interest for each year as expense from year to year since 1997.

7. The Company did not record a provision for audit fees during the year, which is a non-compliance with IAS-1, paragraph 27.

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 accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial 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 judgment 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.
- 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Film Development Act, 1957, 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 purpose 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 those books;

- (iii) the statement of financial position and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Company's business for the period;


Md. Altaf Hossain Masud, FCA
ICAB enrollment no. 0684
For and On behalf of,
Masud Altaf & Co., Chartered Accountants
Firm registration no. N/A
DVC:

Md. Abdus Satter Sarkar, FCA
ICAB enrollment no. 1522
For and On Behalf of,
Mahfel Huq & Co., Chartered Accountants
Firm registration no. P-46323
DVC:

Dhaka, 15 January 2023



Bangladesh Film Development Corporation
Statement of Financial Position
As at 30 June 2022


Particulars	Notes	Amount in Taka	
		30/Jun/22	30/Jun/21
Assets :			
Non - currents asset :		608,035,613	659,585,884
Property, Plant and Equipment	4	595,089,595	646,639,866
Capital Work-in-Progress	5	12,946,018	12,946,018
Investment :		60,000,000	-
Investment in FDR	6	60,000,000	-
Current Assets :		378,354,692	380,209,567
Accounts Receivable	7	224,294,174	223,245,637
Advances, Deposits and Prepayments	8	54,165,184	53,344,214
Inventories	9	71,248,610	71,305,575
Cash and Cash Equivalents	10	28,646,724	32,314,141
Total assets		1,046,390,304	1,039,795,450
Equity & Liabilities :			
Equity:	11	(130,248,482)	26,155,566
Share Capital	11.01	82,000,000	82,000,000
Retained Earnings	11.02	(1,423,253,487)	(1,211,349,684)
Government Grant	11.03	1,211,005,006	1,155,505,250
Long Term Loan :			
Loan from Government	12	421,548,111	361,548,111
Current Liabilities :		755,090,675	652,091,773
Accounts Payable	13	249,648,040	166,361,530
Bank Overdraft	14	-	139,645
Security Deposit & Earnest Money	15	6,783,275	6,693,575
Provision for Income Tax	16	8,596,773	8,596,773
Provision for Interest on Govt. Loan	17	489,191,793	469,429,456
Bank Interest Payable of BSMFC (F-1)	18	870,794	870,794
Total Equity & Liabilities		1,046,390,304	1,039,795,450


The annexed notes form an integral part of these financial statements


Director


Managing Director

Signed in terms of our separate report of even date annexed


Md. Altaf Hossain Masud, FCA
ICAB enrollment no. 0684
For and behalf of
Masud Altaf & Co., Chartered Accountants
Firm Registration No. P-N/A
DVC:


Md. Abdus Satter Sarkar, FCA
ICAB Enrollment No. 1522
For and behalf of
Mahfel Huq & Co., Chartered Accountants
Firm Registration No. P-46323
DVC:

Bangladesh Film Development Corporation
Statement of Profit or Loss & Other Comprehensive Income
For the year ended 30 June 2022


Particulars	Notes	Amount in Taka	
		30/Jun/22	30/Jun/21
Sales of Raw Film		-	-
Add : Service Charges Received	19.00	39,650,399	39,278,743
		39,650,399	39,278,743
Less : Cost of Goods Sold	20.00	65,348,676	66,521,125
Gross Profit/(Loss) (A-B)		(25,698,277)	27,242,382
Less : Administrative Expenses	21.00	181,530,513	154,780,371
Operating Profit/(Loss)		(207,228,789)	(182,022,753)
Less : Financial Expenses	22.00	19,762,337	15,117,073
		(226,991,126)	(197,139,825)
Add : Non-Operating Income	23.00	14,736,912	10,454,637
Profit/(Loss) before Tax		(212,254,214)	(186,685,188)
Less : Provision for Income Tax		-	-
Profit/(Loss) after Tax		(212,254,214)	(186,685,188)

The annexed notes form an integral part of these financial statements


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Md. Abdus Satter Sarkar, FCA
ICAB Enrollment No. 1522
For and behalf of
Mahfel Huq & Co., Chartered Accountants
Firm Registration No. P-46323
DVC:

Place: Dhaka

Date: 15 January 2023



Bangladesh Film Development Corporation
Statement of Changes in Equity
For the year ended 30 June 2022


Particulars	Share Capital	Govtment Grant	Retained Earnings	Total
Balance June 30, 2020	82,000,000	1,085,505,250	(1,024,465,461)	143,039,789
Add: Additon during the year	-	70,000,000	-	70,000,000
Add: Profit & Loss Account	-	-	(186,685,188)	(186,685,188)
Prior year Adjustment	-	-	(199,034)	(199,034)
Balance June 30, 2021	82,000,000	1,155,505,250	(1,211,349,684)	26,155,566
Add: Additon during the year	-	55,499,756	-	55,499,756
Add: Profit & Loss Account	-	-	(212,254,214)	(212,254,214)
Prior year Adjustment	-	-	350,411	350,411
Balance June 30, 2022	82,000,000	1,211,005,006	(1,423,253,487)	(130,248,482)

The annexed notes form an integral part of these financial statements


Director


Managing Director

Signed in terms of our separate report of even date annexed


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For and behalf of
Mahfel Huq & Co., Chartered Accountants
Firm Registration No. P-46323
DVC:

Place: Dhaka

Date: 15 January 2023

Bangladesh Film Development Corporation
Statement of Cash Flows
For the year ended 30 June 2022

Particulars	Amount in Taka	
	30/Jun/22	30/Jun/21
A. Cash Flows from Operating Activities :		
Profit/(Loss) after Tax	(212,254,214)	(186,685,188)
Depreciation	53,496,931	59,117,071
Accrued Interest on FDR	(576,986)	-
(Increase)/Decrease in Stock-in-Trade	56,965	57,523
(Increase)/Decrease of Accounts Receivable	(1,048,537)	354,843
(Increase)/Decrease in Advance Deposit	(131,666)	(433,492)
(Increase)/Decrease in Advance Income Tax	(112,318)	(59,038)
Increase/(Decrease) in Accounts Payable	83,286,510	16,554,831
Increase/(Decrease) in Earnest Money Payable	-	(199,760)
Increase/(Decrease) in Provision for Interest Payable	-	-
Increase/(Decrease) in Security Deposit & Earnest Money	89,700	25,000
Increase/(Decrease) in Interest on Govt. Loan	19,762,337	15,077,406
Prior year adjustment	350,411	(199,034)
Net Cash in Flow/used by Operating Activities	(57,080,867)	(96,389,838)
B. Cash Flows from Investing Activities :		
Acquisition to Property, Plant & Equipment	(1,946,660)	(107,664)
Capital Work-in-Progress	-	82,720
Investment in FDR	(60,000,000)	-
Net Cash used in Investing Activities	(61,946,660)	(24,945)
C. Cash Flows from Financing Activities :		
Loan from Government	60,000,000	60,000,000
Bank Overdraft	(139,645)	(6,813,007)
Received from Government Grants	55,499,756	70,000,000
Net Cash Provided from Financing Activities	115,360,111	123,186,993
D. Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(3,667,417)	26,772,210
E. Cash and Cash Equivalent at the beginning of the year	32,314,140	5,541,930
F. Cash and Cash Equivalent at the end of the year	28,646,724	32,314,140

The annexed notes form an integral part of these financial statements


Director


Managing Director

Place: Dhaka

Date: 15 January 2023



Bangladesh Film Development Corporation.
Notes to the Financial Statements
As at and for the year ended 30 June 2022

1.00 Reporting Entity :

1.01 Corporation Profile :

Bangladesh Film Development Corporation (BFDC) is a service oriented organization formed under the Film Development Corporation Act, 1957, subsequently adopted after liberation of Bangladesh under P.O. 1972, for the purpose of promoting the development of film industry in Bangladesh.

1.02 Nature of Business Activities :

The principal activities of the Corporation are promoting, assisting and making of short, documentary and full length feature film.

1.03 Address :

The registered office of the Corporation is located at Tejgaon, Dhaka-1208.

1.04 Segment Reporting :

No segment reporting is applicable for the Corporation as required by IFRS 08: Segment Reporting as the Corporation has only one reportable segment and the operation of Corporation is within the geographical territory in Bangladesh.

1.05 Components of the Financial Statements :

According to the IAS-1 "Presentation of Financial Statements" the complete set of Financial Statements includes the following components :

- i) Statement of Financial Position as on 30th June, 2022;
- ii) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June, 2022;
- iii) Statement of Changes in Equity for the year ended 30th June, 2022;
- iv) Statement of Cash Flows for the year ended 30th June, 2022; and
- v) Notes to the Financial Statements for the year ended 30th June, 2022.

The financial statements include Govt. grants and expenditures pertaining to Modernization & Extension of BFDC (Revised) project implemented by the Bangladesh Film Development Corporation (BFDC).

2.00 Basis of Presentation of Financial Statements :

2.01 Statement of Compliance :

The financial statements have been prepared in accordance with requirements of the Articles 46 (2n) of Film Development Corporation Act, 1957 and International Financial Reporting Standards (IFRS) and International Accounting Standard (IAS) and other applicable laws and regulations.

2.02 Going Concern :

The Corporation has been facing going concern threat and has risk of not continuing business for the foreseeable future. Management intend to prepare the accounts as going concern basis, for the year ended 30 June 2022, From next year break-up basis will be applied., as per IAS-1 (Presentation of Financial Statements).

Bangladesh Film Development Corporation.
Notes to the Financial Statements
As at and for the year ended 30 June 2022

2.03 Basis of Measurement :

The financial statements have been prepared on the historical cost convention and therefore do not take into consideration the effect of inflation.

2.04 Presentation of Financial Statements :

The presentation of financial statements is in accordance with the guidelines provided by IAS-1: Presentation of Financial Statements.

2.05 Reporting Year :

The financial year of the Corporation covers its year from July 01, 2021 to June 30, 2022.

2.06 Reporting Currency :

The financial statements are prepared and presented in Bangladesh Currency (Taka) which is Corporation's functional currency.

2.07 Key Accounting Estimates and Judgments in Applying Accounting Policies :

The preparation of financial statements in conformity with IFRS including IAS requires management to make the judgments, estimates and assumption that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses and for contingent assets and liabilities that require disclosures during and at the date of the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed as on going concern basis. Revisions of the accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about the significant key areas of estimation, uncertainly and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following notes :

Notes No. 3.01.4 Depreciation on Tangible Fixed Assets

Notes No. 3.04 Inventories

Notes No. 3.05 Statement of Cash Flows

Notes No. 3.06 Revenue Recognition

Notes No. 3.07.2 Provision for Accrued Expenses and Others

Notes No. 3.08 Borrowing Cost

Notes No. 3.09 Employees Benefits

3.00 Accounting Principles and Policies :

Specific accounting policies were selected and applied by the Corporation's management for significant transactions and events that have a material effect within the framework of IAS - 1 "Presentation of Financial Statements" in preparation and presentation of financial statements. The previous year's figures were presented in the financial statements in accordance with the same accounting principles.

The accounting principles and policies in respect of material items of financial statements set out

below have been applied consistently to all periods presented in these financial statements.

Bangladesh Film Development Corporation.

Notes to the Financial Statements

As at and for the year ended 30 June 2022

3.01 Property, Plant and Equipment :

3.01.1 Recognition and Measurements :

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of IAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

In a situation where it can clearly be demonstrated that expenditure has resulted in an increase in future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

3.01.2 Maintenance Activities :

Expenditure incurred after the assets have been put into operation, such as repairs & maintenance is normally charged off as revenue expenditure in the period in which it is incurred.

3.01.3 Subsequent cost :

The cost 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 Corporation and its cost measured reliably. The cost of the day to day servicing of property and equipment are recognized in the Statement of Comprehensive Income as incurred.

3.01.4 Depreciation on Tangible Fixed Assets :

As required in paragraph 43 of IAS-16 Property, Plant and equipment, depreciation in respect of all fixed assets is provided to amortize the cost of the assets after commissioning, over their expected useful economic life in accordance with the provision of IAS-16 "Property, Plant and Equipment".

No depreciation has been charged on land and land development. Depreciation on all other fixed assets is computed using diminishing balance method in amount sufficient to write-off depreciable assets over their estimated useful life. Depreciation has been charged on additions and when the asset is available for use. Expenditure for maintenance and repairs are expenses; major replacements, renewals and betterment are capitalized. The cost and accumulated depreciation of depreciable assets retired or otherwise disposed off are eliminated from the assets and accumulated depreciation and any gain or loss on such disposal is reflected in the comprehensive income statement for the year ended. The annual depreciation rates applicable to the principal categories are:

Category of fixed assets	Rate of Depreciation in (%)
Land & Land Development	0%
Building & Construction	5%
Plant & Machinery	10%
Electrical Equipment	15%
Car & Vehicle	20%

Bangladesh Film Development Corporation.
Notes to the Financial Statements
As at and for the year ended 30 June 2022

Office Equipment	20%
Furniture & Fixtures	6%
Feature Film	40%
Medical Equipment	10%
Antique & Sculpture	20%

3.01.5 Capital Work-in-Progress

Capital Work-in-Progress consists of acquisition of plant and machinery, capital components and related installation cost until the date placed in service. In case of import of components, capital work-in-progress is recognized when risks and rewards associated with such assets are transferred to the Corporation.

3.02 Investment in FDR :

Investment in FDR with govt. and non-govt. banks have been showed at their cost price.

3.03 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.

3.03.1 Financial Assets :

The Corporation initially recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the date at which the Corporation becomes a party to the contractual provisions of the transaction.

The Corporation derecognises a financial asset when the contractual rights or probabilities of receiving 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 asset are transferred.

Financial asset includes trade receivables, advances, deposits & pre-payments, cash and cash equivalents.

(a) Trade Receivables :

Accounts receivables are created at original invoice amount less any provision for bad and doubtful debts. Provisions are made where there is evidence of a risk of non payment, taking into account ageing, previous experience and general economic conditions. Where accounts receivables are determined to be uncollectible it is written off firstly against any provision available and then to the profit and loss account. Subsequent recoveries of the amounts previously provided for are credited to the profit and loss account.

(b) Advance, Deposits and Pre-Payments :

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit & loss account.



Bangladesh Film Development Corporation.

Notes to the Financial Statements

As at and for the year ended 30 June 2022

(c) Cash and Cash Equivalents :

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash in hand and bank balances represents cash and cash equivalents considering the IAS 1 "Presentation of Financial Statements" and IAS 7 "Statement of Cash Flows" which provide that cash and cash equivalents are readily convertible to known amounts of cash and are subject to an in significant risks of changes in value and are not restricted as to use.

Financial Liability :

The Corporation initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the transaction date as the Corporation becomes a party to the contractual provision of the liability.

(a) Loans and Borrowings :

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

(b) Payables :

The Corporation recognizes 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.

3.04 Inventories :

In compliance with the requirements of IAS 2 "Inventories", inventories are stated at the lower of cost and net realizable value.

The cost is calculated on weighted average method consistently. Costs comprise expenditure incurred in the normal course of business in bringing such inventories to its location and conditions. Where necessary, provision is made for obsolete, slow moving and defective inventories "if any" identified at the time of physical verification of inventories.

Net realizable value is based on selling price less any further costs expected to be incurred to make the sale.

Inventories comprise of PVC film, Accessories, Packing Materials, Store & Spares, Work-in-process and Finished Goods. They are stated at the lower of cost or net realizable value in accordance with IAS-2 "Inventories" after making due allowance for any obsolete or slow moving items. The cost of inventories is assigned by using weighted average cost. Net realizable value represents the estimated selling price for the inventories less all estimated cost of completion and cost necessary to make the sale.

Categories of Inventories	Basis of Valuation
Raw Materials	FIFO
Work-in-progress	FIFO
Finished Goods	Lower of cost or Net estimated realizable value



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3.05 Statement of Cash Flows :

The Statement of Cash Flows has been prepared in accordance with the requirements IAS 7: Statement of Cash Flows

3.06 Revenue Recognition :

Revenue represents invoiced value of sales. Revenue is recognized when sales are made. Invoices were made after satisfying the following conditions as prescribed by IFRS 15 "Revenue from contracts with customers":

- (i) Identify contracts with customer;
- (ii) Identify the performance obligations;
- (iii) Determine transaction;
- (iv) Allocate transaction price; and
- (v) Recognise revenue when a performance obligation is satisfied

3.07 Liabilities and Basis of their Valuation :

3.07.1 Liabilities for Expenses and Finance :

Liabilities are recognized for amounts to be paid in future for goods and services received, whether or not billed by the supplier.

3.07.2 Provision for Accrued Expenses and Others :

The preparation of financial statements in conformity with IAS-37 "Provisions, Contingent Liabilities and Contingent Assets" requires management to make estimates and assumption that affect the reported amounts of revenues and expenses, assets and liabilities and the disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

In accordance with the guidelines as prescribed by IAS-37 provisions were recognised in the following situations:

- (a) When the Corporation has present obligation as a result of past event;
- (b) When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) Reliable estimates can be made of the amount of the obligation.

The provisions in the balance sheet have been made at an appropriate level with regard to an adequate provision for risk and uncertainties. An amount recorded as a provision represents the best estimate of probable expenditure required to fulfill the current obligation on the balance sheet date.

3.08 Borrowing Cost :

Borrowing costs are recognized as expenses in the period in which they are incurred unless capitalization of such is allowed under IAS 23: Borrowing costs.

3.09 Employees Benefits :

The authority has accounted for and disclosed of employee benefits in compliance with the provision of IAS 19: Employee Benefits.

The cost of employee benefits are charged off as revenue expenditure in the period to which the contributions relate. The Corporation's employee benefits include the following:

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(a) Defined Contribution Plan :

This represents recognized contributory govt. provident fund for all its permanent employees. Assets of provident fund are held in a separate trustee to administer the fund as per the relevant rules. All permanent employees contribute of their basic salary to the provident fund and the Corporation also makes the equal contribution.

(b) Gratuity :

Payment of gratuity are taken into account on payments basis. It is reportedly being followed in accordance with decision of BFDC management. However, this system is being consistently followed. Actual liability on account of gratuity due to officers and employees till the closing date of accounts has not been ascertained and accounted for.

Though no valuation was done to quantify actuarial liabilities as per the IAS 19: Employee Benefits, such valuation is not likely to yield a result significantly different from the current provision.