

**BANGLADESH PETROLEUM CORPORATION
AUDITORS' REPORT AND FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020**

**Rahman Mostafa Alam & Co.
Chartered Accountants**

**Khan Wahab Shafique Rahman & Co.
Chartered Accountants**

Independent Auditors' Report
To the Shareholders of Bangladesh Petroleum Corporation
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bangladesh Petroleum Corporation ("the Corporation") which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the Financial Statements prepared in accordance with International Accounting Standard (IAS) and International Financial Reporting Standards (IFRS), the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 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), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

- 01 As disclosed in note no. 8.02, note no. 8.02.01 and note no. 8.02.02, fixed assets acquired for use of Eastern Refinery Ltd (ERL) is presented as Investment with ERL. The ownership of these assets are still unresolved between ERL & BPC.
- 02 Capital Reserve under note no. 15 of Tk. 55,670,391 represents the pre-incorporation liabilities assumed by BPC in respect of Eastern Refinery Limited, Padma Oil Company Limited and LP Gas Limited. Inadequate documents has been provided in this regard to ascertain the justification of the balance.
- 03 As disclosed under note no. 17 to the financial statements under the head Payable to Government for share invested in BPC amounting Tk. 300,797,292 has been lying pending since long. No interest was provisioned, nor repayment was made against the loan.
- 04 BPC has restated its previous year's figures of its financial statement by Tk. 177,037,047,313 (note no. 33) which has been in practice for BPC since long.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in 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 Corporation'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 Group and the Corporation or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Corporation'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 the 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, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation 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 within the Corporation 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.

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

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

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

Report on Other Legal and Regulatory Requirements

We also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Corporation so far as it appeared from our examination of those books;
- 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 and returns; and




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

Chattogram, 15 June 2021



Rahman Mostafa Alam & Co.
Chartered Accountants

Signed By:-
Arafat Kamal FCA (1184)
Partner
DVC: 2106151184AS739534



Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Signed By:-
Mohammad Shaheed FCA (1016)
Partner
DVC: 2016151016AS893663




BANGLADESH PETROLEUM CORPORATION
Statement of Financial Position
As at 30 June 2020

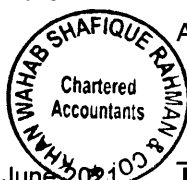
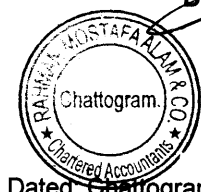
	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	4	3,970,458,942	4,172,618,159
Capital Work in Progress	5	29,231,940,792	21,908,107,365
Loans & Advances	6	2,435,298,310	2,440,838,877
Advance to Government	7	50,000,000,000	-
Investment	8	116,459,766,025	4,557,276,460
TOTAL NON-CURRENT ASSETS		202,097,464,069	33,078,840,861
CURRENT ASSETS			
Short Term Investment	9	26,194,282,683	171,645,138,672
Inventories	10	11,249,545,826	15,112,102,210
Accounts Receivable	11	130,894,775,630	252,771,859,653
Advance, Deposits & Prepayments	12	43,752,141,098	46,839,587,049
Cash & Cash Equivalents	13	113,607,013,105	90,901,268,998
TOTAL CURRENT ASSETS		325,697,758,342	577,269,956,582
TOTAL ASSETS		527,795,222,411	610,348,797,443
EQUITY & LIABILITIES			
EQUITY			
Share Capital	14	1,000,000	1,000,000
Capital & Investment Reserve	15	55,670,391	55,670,391
Revaluation Surplus	16	3,877,709,864	4,069,912,199
Retained Earnings		75,822,557,532	(149,067,813,928)
TOTAL EQUITY		79,756,937,787	(144,941,231,338)
LIABILITIES			
NON-CURRENT LIABILITIES			
Payable to Govt. for Shares Invested in BPC	17	300,797,292	300,797,292
Pre-liberation Dues	18	143,100,551	143,100,551
Loan from Government	19	284,865,658,668	283,397,233,668
Bonds Payable to Govt.	20	-	159,576,600,000
Deferred Tax Liability	21	44,434,191	878,670
TOTAL NON-CURRENT LIABILITIES		285,353,990,702	443,418,610,181
CURRENT LIABILITIES			
Accounts Payable	22	108,230,402,807	262,799,519,227
Accrued Expenses	23	4,666,144,559	4,678,755,765
Short Term Loan	24	25,835,284,388	38,312,097,700
Provision for Income Tax	25	23,952,462,168	6,081,045,908
TOTAL CURRENT LIABILITIES		162,684,293,922	311,871,418,600
TOTAL EQUITY & LIABILITIES		527,795,222,411	610,348,797,443

The annexed notes from 01 to 34 and Annexure - A form an integral part of these financial statements.


Director (Operation & Planning)


Director (Finance)

As per our annexed report of same date.



Dated: Chattogram, 15 June 2021

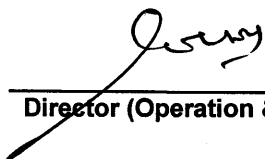

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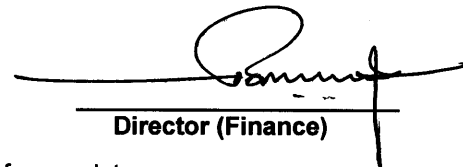

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

BANGLADESH PETROLEUM CORPORATION
Statement of Profit or Loss & Other Comprehensive Income
For the year ended 30 June 2020

	Note(s)	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
Turnover (Sales)	26	377,199,996,859	438,280,656,700
Cost of Goods Sold	27	(318,697,878,521)	(409,017,786,040)
GROSS PROFIT		58,502,118,338	29,262,870,660
OPERATING EXPENSES			
Employees Expenses	28	(113,676,340)	(119,035,909)
Administrative Expenses	29	(75,447,430)	(85,736,263)
Selling & Distribution Expenses	30	(230,130,086)	(275,304,872)
		(419,253,856)	(480,077,044)
TOTAL OPERATING PROFIT		58,082,864,482	28,782,793,616
Other Income	31	18,965,345,172	16,568,615,354
PROFIT BEFORE FINANCIAL EXPENSE		77,048,209,654	45,351,408,970
Financial Expenses	32	(2,399,171,077)	(2,815,092,545)
PROFIT BEFORE INCOME TAX		74,649,038,577	42,536,316,425
Provision for Tax	25	(23,952,462,168)	(2,729,095,632)
Deferred Tax	21	(43,555,521)	(817,027)
NET PROFIT AFTER TAX		50,653,020,888	39,806,403,766

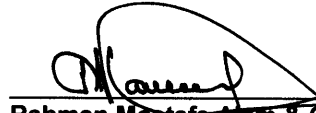
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Director (Operation & Planning)


Director (Finance)

As per our annexed report of same date.

Dated: Chattogram, 15 June 2021


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BANGLADESH PETROLEUM CORPORATION
Statement of Changes in Equity
For the year ended 30 June 2020

	Share Capital	Capital Reserve	Investment Reserve	Revaluation Surplus	Retained earnings	Total equity
Balance as on 01 July 2018	1,000,000	55,670,391	18,249,310	-	(292,032,490,898)	(291,957,571,197)
Net Income for the year	-	-	-	-	39,806,403,766	39,806,403,766
Dividend	-	-	-	-	(3,000,000,000)	(3,000,000,000)
Revaluation Surplus	-	-	-	4,069,912,199	-	4,069,912,199
Prior Year Adjustment	-	-	-	-	105,923,601,812	105,923,601,812
Adjustment of Revaluation Surplus	-	-	-	-	234,671,392	234,671,392
Adjustment of Investment Reserve	-	-	(18,249,310)	-	-	(18,249,310)
Balance as at 30 June 2019	1,000,000	55,670,391	-	4,069,912,199	(149,067,813,928)	(144,941,231,338)
Balance as on 01 July 2019	1,000,000	55,670,391	-	4,069,912,199	(149,067,813,928)	(144,941,231,338)
Net Income for the year	-	-	-	-	50,653,020,888	50,653,020,888
Dividend	-	-	-	-	(3,000,000,000)	(3,000,000,000)
Prior Year Adjustment	-	-	-	-	177,037,047,313	177,037,047,313
Adjustment of Revaluation Surplus	-	-	-	(192,202,335)	200,303,259	8,100,924
Balance as at 30 June 2020	1,000,000	55,670,391	-	3,877,709,864	75,822,557,532	79,756,937,787

The annexed notes from 01 to 34 and Annexure - A form an integral part of these financial statements.

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Director (Operation & Planning)

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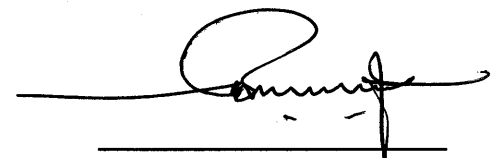
Director (Finance)



BANGLADESH PETROLEUM CORPORATION
Statement of Cash Flows
For the year ended 30 June 2020

	Amount in Taka	
	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
A) CASH FROM OPERATING ACTIVITIES :		
Collection Relating to Turnover	499,077,080,879	491,619,713,998
Payment Related to Cost and Expenses	(407,362,127,095)	(412,137,782,232)
Financial Charge Paid	(2,399,171,077)	(2,815,092,545)
Other Income Received	18,965,345,172	16,568,615,354
Income Tax Paid	(3,132,915,471)	(9,339,137,839)
Net Cash Flows Generated by Operating Activities	105,148,212,408	83,896,316,736
B) CASH FROM INVESTING ACTIVITIES :		
Acquisition of Fixed Assets	202,159,217	(4,076,396,472)
Loans & Advances	5,540,567	7,313,013,328
Advance to Government	(50,000,000,000)	-
Other Investment	-	63,236,603
Capital Work in Progress	(7,323,833,427)	(19,224,917,507)
Short Term Investment	145,450,855,989	(78,060,588,014)
Net Cash Flows Generated by Investing Activities	88,334,722,346	(93,985,652,062)
C) CASH FROM FINANCING ACTIVITIES :		
Proceeds from Short Term Loan	(12,476,813,312)	2,692,144,875
Bonds Payable to Govt	(159,576,600,000)	(30,760,000,000)
Investment Reserve	-	(18,249,310)
Revaluation Surplus	(192,202,335)	4,069,912,199
Proceeds from Loan from Government	1,468,425,000	11,520,000,000
Net Cash Flows Used in Financing Activities	(170,777,190,647)	(12,496,192,236)
Net Increase in Cash and Bank Balance (A+B+C)	22,705,744,107	(22,585,527,562)
Cash and Bank Balance at the Opening of the Year	90,901,268,998	113,486,796,560
Cash and Bank Balance at the End of the Year	113,607,013,105	90,901,268,998


Director (Operation & Planning)


Director (Finance)



BANGLADESH PETROLEUM CORPORATION
Notes to the Financial Statements
As at and for the year ended 30 June 2020

1.00 History of the Corporation

1.01 Background of The Corporation:

Bangladesh Petroleum Corporation was established by **Government of the People's Republic of Bangladesh**. It started operations on 1 January, 1977.

1.02 Legal Status:

Bangladesh Petroleum Corporation was established by Government of the People's Republic of Bangladesh under Ordinance No LXXXVIII of 1976.

1.03 Address of Registered Office:

The registered office of Bangladesh Petroleum Corporation is situated at BSC Bhaban, Saltgola Road, Chattogram.

1.04 Functions of Bangladesh Petroleum Corporation:

The following are the authorities, functions and responsibilities of BPC specified by the law

- (i) Collection and importation of crude petroleum and other refined petroleum products.
- (ii) Processing of crude petroleum and production of different grades of petroleum products.
- (iii) Establishment of petroleum and production of different grades of petroleum products.
- (iv) Production of base-stock, necessary additives and other chemicals and
- (v) Importation of lubricating oil.
- (vi) Production of lubricating oil by blending; establishment of plants for recycling of used lubricants
- (vii) Establishment of infrastructure and adoption of necessary steps for processing of refinery residue products
- (viii) Planning and implementation of petroleum products storage facilities
- (ix) Collection /building of intercontinental oil tankers
- (x) Building necessary facilities and their extensions for marketing of petroleum products
- (xi) Act as managing agent for signing of agreements with firms or companies for petroleum
- (xii) Monitoring, coordination, of the subsidiary companies of BPC and any other functions and responsibilities as directed by the government.

2.00 Basis of Financial Statement Preparation and Presentation

2.01 Statement of Compliance:

The financial statements of the corporation under reporting have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh (ICAB).

2.02 Basis of Reporting

The financial statement are prepared and presented for external users by the company in accordance with identified financial reporting framework. Presentation has been made in compliance with the requirements of IAS 1 - "Presentation of Financial Statements". The financial statements comprise of:

- a) A statement of financial position as at 30 June 2020
- b) A statement of profit or loss and other comprehensive income for the year ended 30 June 2020.
- c) A statement of changes in equity for the year ended 30 June 2020.
- d) A statement of cash flows for the year ended 30 June 2020.
- e) Notes, comprising a summary of significant accounting policies and explanatory information.

2.03 Application of International Accounting Standards (IASs):

Following IASs are applicable for the Preparation & Presentation of Financial Statements:

IAS- 01 Presentation of Financial Statements.

IAS- 02 Inventories.



IAS- 07 Statement of Cash Flows.
IAS- 08 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 Employees benefits
IAS- 21 The effects of changes in foreign exchange rates
IAS- 23 Borrowing Cost.
IAS- 24 Related Party Disclosures
IAS- 37 Provisions, contingent liabilities and contingent assets.
IFRS-15 Revenue from contract with customers

2.04 Basis of Measurement:

i. The Financial statements have been prepared on accrual basis of accounting.
ii. The financial statements of the entity have been prepared on a going concern basis in accordance with International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), the Companies Act 1994 and other applicable Laws & Regulation.

2.05 Reporting Period:

These Financial Statements have been covered 1 (One) year from 01.07.2019 to 30.06.2020.

2.06 Accounting Convention

The financial statements are prepared under the historical cost of convention.

2.07 Functional and Presentation Currency

The financial statements are expressed in Bangladesh Taka which is both functional and reporting currency of the company. The figures of financial statements have been rounded off to the nearest Taka.

2.08 Foreign Currency Transactions

Foreign currency transactions have been translated and recorded in the books of accounts at the prevailing rate at the date of transactions

2.09 Use of Estimates and Judgements

The preparation of the financial statements in conformity with IASs and IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. The Corporation continually evaluates these estimates and assumptions based on the most recently available information.

In particular, information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:

- i) Assessment of functional currency;
- ii) Estimates of useful lives and residual value of Property, Plant and Equipment;
- iii) Valuation of Inventories;
- iv) Provisions including loss allowances;
- v) Evaluation of Deferred Tax Liability; and
- vi) Contingencies

Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

2.10 Comparative Information

Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period financial statements. To facilitate comparison, certain relevant balance pertaining to the previous period have been rearranged/ reclassified wherever considered necessary to conform to current periods presentation.

