

Bangladesh Edible Oil Limited

Auditor's report and financial statements as at
and for the year ended 31 December 2022

Independent auditor's report

To the Shareholders of Bangladesh Edible Oil Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bangladesh Edible Oil Limited ("the Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (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.



Independent auditor's report (continued)

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 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.



M Mehedi Hasan, Partner
Enrolment Number: 1000
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Dhaka, 22 JUN 2023

DVC: I

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Bangladesh Edible Oil Limited
Statement of financial position

In Taka	Note	31 December 2022	31 December 2021
Assets			
Property, plant and equipment	16(A)	2,425,666,211	2,087,580,779
Intangible assets	19(A)	3,825,624	1,665,244
Investment in subsidiary	20	1,554,901,083	1,554,901,083
Advances, deposits and prepayments	16(A)	80,188,922	78,348,322
Non-current assets		4,064,581,840	3,722,495,428
Inventories	14	3,982,383,907	4,313,923,022
Trade and other receivables	15	4,073,258,698	3,616,296,910
Advances, deposits and prepayments	16(A)	360,751,252	360,242,771
Cash and cash equivalents	17	1,322,496,829	648,366,167
Current assets		9,738,890,686	8,938,828,870
Total assets		13,803,472,526	12,661,324,298
Equity			
Share capital	21	400,000,000	400,000,000
Reserves		49,846,709	49,846,709
Share money deposit		1,100,379	1,100,379
Retained earnings		2,114,761,066	2,454,813,137
Total equity		2,565,708,156	2,905,760,225
Liabilities			
Employee benefits	22	259,186,034	246,536,580
Loans and borrowings	23	369,690,466	140,955,743
Deferred tax liabilities	13(C)	76,782,779	122,182,025
Non-current liabilities		705,659,279	509,674,348
Current tax liabilities	13(D)	108,154,717	41,223,695
Loans and borrowings	23	4,984,822,953	4,294,075,474
Trade and other payables	24	5,439,127,421	4,910,588,556
Current liabilities		10,532,105,091	9,245,887,725
Total liabilities		11,237,764,370	9,755,564,073
Total equity and liabilities		13,803,472,526	12,661,324,298

The notes on pages 7 to 44 are an integral part of these financial statements.


General Manager


Director


Director

As per our report of same date.

Dhaka, 22 JUN 2023


Auditor

M Mehedi Hasan, Partner
Enrolment Number: 1000
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

DVC: 22 JUN 2023

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Bangladesh Edible Oil Limited
Statement of profit or loss and other comprehensive income

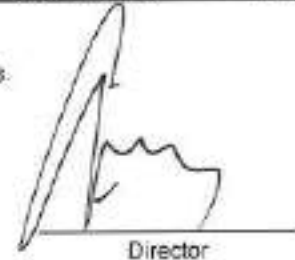
For the year ended 31 December

In Taka	Note	2022	2021
Revenue	5	30,043,891,406	21,402,898,077
Cost of sales	6	(28,888,814,969)	(20,207,360,151)
Gross profit		1,155,076,437	1,195,537,926
Other income	7	10,873,219	7,520,988
Administrative expense	8	(290,120,638)	(245,050,447)
Selling and distribution expenses	9	(851,413,265)	(777,457,737)
Operating profit		24,415,753	180,550,728
Finance income	10	34,903,619	28,399,463
Finance costs	11	(253,045,149)	(137,819,014)
Net finance costs		(218,141,530)	(109,419,551)
Profit/(Loss) before tax and contribution to WPPF		(193,725,777)	71,131,177
Contribution to Worker's Profit Participation Fund (WPPF)	12	-	(3,558,559)
Profit/(Loss) before tax		(193,725,777)	67,574,618
Income tax expense	13(A)	(146,326,292)	(98,485,731)
Loss for the year		(340,052,069)	(30,911,113)
Other comprehensive income, net of tax		-	-
Total comprehensive loss for the year		(340,052,069)	(30,911,113)

The notes on pages 7 to 44 are an integral part of these financial statements.


General Manager


Director


Director

As per our report of same date.

Dhaka, 22 JUN 2023


Auditor

M Mehedi Hasan, Partner
Enrolment Number: 1000
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

DVC: 22 JUN 2023

2306221000AS923499

Bangladesh Edible Oil Limited
Statement of changes in equity

For the year ended 31 December 2022

in Taka	Attributable to owners of the Company				
	Share capital	Reserves	Share money deposit	Retained earnings	Total equity
Balance at 1 January 2021	400,000,000	49,846,709	1,100,379	2,485,724,250	2,936,671,338
Loss for the year	-	-	-	(30,911,113)	(30,911,113)
Total Comprehensive income for the year	400,000,000	49,846,709	1,100,379	2,454,813,137	2,906,780,225
Transaction with owners of the company					
Contributions and distributions	-	-	-	-	-
Total transaction with owners of the company	-	-	-	-	-
Balance at 31 December 2021	400,000,000	49,846,709	1,100,379	2,454,813,137	2,906,780,225
Balance at 1 January 2022	400,000,000	49,846,709	1,100,379	2,454,813,137	2,906,780,225
Loss for the year	-	-	-	(340,052,069)	(340,052,069)
Total Comprehensive income for the year	400,000,000	49,846,709	1,100,379	2,114,761,068	2,565,708,156
Transaction with owners of the company					
Contributions and distributions	-	-	-	-	-
Total transaction with owners of the company	-	-	-	-	-
Balance at 31 December 2022	400,000,000	49,846,709	1,100,379	2,114,761,068	2,565,708,156

The notes on pages 7 to 44 are an integral part of these financial statements.



Bangladesh Edible Oil Limited
Statement of cash flows

For the year ended 31 December in Taka	Note	2022	2021
Cash flows from operating activities			
Loss for the year		(340,052,069)	(30,911,113)
Adjustments for:			
- Depreciation	18(B)	219,570,332	167,635,187
- Amortisation	19(B)	489,620	427,218
- Finance income	10	(34,903,619)	(28,399,483)
- Finance costs	11	253,045,149	137,819,014
- Income tax expense		146,326,292	98,485,731
- Loss/(Gain) on sale of property, plant and equipment	7	(19,623)	1,114,725
		244,466,082	346,171,299
Changes in:			
- Inventories		331,539,115	(2,667,834,892)
- Advances, deposits and prepayments		(2,349,081)	(30,253,251)
- Trade and other receivables		(457,351,901)	(303,940,131)
- Trade and other payables		467,282,839	1,285,063,130
- Provision for employee benefits		43,914,659	38,423,763
Cash generated from operating activities		627,491,713	(1,332,370,082)
Employee benefits paid	22	(31,267,205)	(7,795,017)
Income tax paid	13(D)(II)	(124,794,516)	(68,698,037)
Interest paid		(191,789,123)	(125,012,483)
Net cash generated from operating activities		279,640,869	(1,531,875,619)
Cash flows from investing activities			
Acquisition of non-current asset		(85,477,148)	(211,937,028)
Proceeds from sale of property, plant and equipment		2,997,105	9,394,920
Interest received		35,293,732	28,207,029
Net cash used in investing activities		(47,186,311)	(174,335,079)
Cash flow from financing activities			
Repayment of borrowings		588,646,634	2,169,863,401
Repayment of loan from related parties		-	(31,856,250)
Payment of lease liabilities		(146,970,529)	(33,485,445)
Net cash generated from financing activities		441,676,105	2,104,511,706
Net increase in cash and cash equivalents		674,130,663	398,301,008
Cash and cash equivalents at 1 January**		648,366,167	250,065,159
Cash and cash equivalents at 31 December**	17	1,322,496,830	648,366,167

**Cash and cash equivalents includes current account in both local and foreign bank denominated currency and interest bearing current account which forms an integral part of the Company's cash management.

The notes on pages 7 to 44 are an integral part of these financial statements.



1. Reporting entity

Bangladesh Edible Oil Limited ("the Company") is a private limited company incorporated on 11 January 1992 (Registration No. C-21614 (21) /92) in Bangladesh under the Companies Act, 1913 (replaced with the Companies Act, 1994). The registered address of the Company is Land View Commercial Centre (10th floor), 28 Gulshan North C/A, Gulshan Circle 2, Dhaka 1212. The status of the share holdings of the Company is disclosed in note 21.

The Company is mainly engaged in refining of Crude Degummed Soyabean Oil (CDSO) and Crude Palm Olein (CPO) and packaging of the same for distributing in local market. The Company also involves in procuring and packaging of mustard oil, rice bran oil and rice and sell the same in local market. The Company is also engaged in import of some branded edible oil like Kings Sunflower Oil, Margarine etc. In limited scope, it has some export revenue from exporting packed oil, acid oil and Soys Bean Fatty Acid Distillate (SFAD) to overseas.

2. Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). They were authorised for issue by the Company's board of directors on 01 MAY 2023

Details of the Company's accounting policies, including changes during the year, if any, are included in notes 35.

3. Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT) which is the Company's functional currency. All amounts have been rounded to the nearest Taka, unless otherwise indicated.

4. Use of judgments and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Right-of-use (ROU) asset	Note - 28 and 35 (N)
Lease liability	Note - 28 and 35 (N)

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Movement in deferred tax balances	Note - 13 (C) and 35 (E)
Provision for income tax	Note - 13 (D) (i) and 35 (E)
Inventories	Note - 14 and 35 (F)
Contingent (liabilities)/Assets	Note - 31
Property, plant and equipment	Note - 18 and 35 (G)
Intangible assets	Note - 19 and 35 (I)



Notes to the financial statements (continued)

5. Revenue

See accounting policy in Note 35(B)

In Taka	Note	2022	2021
Revenue from customers	5(A)	30,931,819,826	24,148,110,407
Value Added Tax (VAT)		(887,928,420)	(2,745,212,330)
		30,043,891,406	21,402,898,077

A. Revenue from customers

		2022	2021
Local sales	5(B)	30,440,794,895	23,648,502,526
Export sales	5(C)	491,024,931	499,607,881
		30,931,819,826	24,148,110,407

B. Local sales

Types of products sold	2022		2021	
	Quantity MT*	Sale value Taka	Quantity MT	Sale value Taka
Consumer packed:				
Soyabean oil	109,830	20,273,888,253	112,057	16,153,262,404
Palm oil	14,536	2,304,735,410	19,950	2,552,812,244
Mustard oil	1,137	352,270,786	333	81,079,146
Rice bran oil	3,515	678,551,440	1,900	311,507,233
Sunflower oil	617	170,064,426	550	111,617,428
Aromatic rice	8,701	972,075,677	6,612	825,330,028
Basmati rice	3,405	761,188,489	1,813	383,739,101
Basan	70	9,303,278	-	-
Non-aromatic rice	27,495	1,601,840,196	21,320	1,143,914,480
Institutional packed:				
Lucky (SRPL)	576	98,448,641	471	61,941,765
Margarine	93	17,686,845	99	18,884,602
Loose/Bulk:				
RBD Olein	-	-	24	2,764,000
Super refined palm olein	-	-	124	14,604,940
Soyabean oil	4,374	775,489,262	3,816	513,725,143
CDSBO	8,134	1,167,532,732	11,905	1,386,999,601
Rice bran oil	3,381	479,542,178	315	15,231,239
Unprocessed rice	700	58,320,172	7	280,850
By-products:				
Acid oil	-	-	3	125,860
HOL	268	39,116,316	639	75,473,480
PFAD	27	3,302,920	31	3,303,300
Sediment ST188	424	1,245,596	711	3,700,175
SFAD	372	39,962,597	111	11,665,030
Rice bran meal	27,580	575,803,423	-	-
Mustard cake	-	-	11,123	177,551,192
Broken rice	2,190	70,426,257	600	16,798,285
	217,403	30,440,794,895	194,514	23,648,502,526

*MT= Metric Ton



Notes to the financial statements (continued)

5. Revenue (continued)

C. Export sales	2022		2021	
	Quantity MT	Sale value Taka	Quantity MT	Sale value Taka
<i>In Taka</i>				
Consumer packed:				
Soyabean oil	389	61,903,312	815	116,699,569
Aromatic rice	12	1,086,783	-	-
Loose/Bulk:				
Rice bran oil	1,570	181,052,520	1,700	207,421,333
By-products:				
SFAD	314	89,398,690	301	41,174,414
Acid Oil Export	1,594	157,583,628	1,556	132,312,565
	3,879	491,024,931	4,672	499,607,881

6. Cost of sales

<i>In Taka</i>	<i>Note</i>	2022	2021
Raw materials			
Opening stock of raw materials		1,187,545,561	452,369,039
Purchase during the year			
Crude oil	5(A)	17,172,677,358	13,537,037,097
Rice bran	5(A)	1,454,496,193	806,329,784
Bulk rice	5(A)	2,117,983,768	847,438,505
		20,745,057,319	14,790,805,387
Closing stock of raw materials	14	(1,239,385,002)	(1,187,545,561)
Raw materials consumed		20,693,217,878	14,055,628,855
Production overheads			
Indirect materials consumed		1,010,809,968	737,283,289
Overhead expense		606,371,607	410,559,744
Depreciation on property, plant and equipment	18(B)	120,236,602	120,568,897
Depreciation on right-of-use of assets	18(B)	55,946,790	9,810,808
Employee related costs		172,095,088	146,491,626
		1,965,460,055	1,424,714,364
Cost of goods manufactured		22,658,677,933	15,480,343,229
Opening stock of finished goods		827,639,890	367,783,247
		23,486,317,823	15,848,126,476
Local purchase/ import during the year	6(B)	6,308,798,243	5,186,873,585
		29,795,116,066	21,035,000,041
Closing stock of finished goods	14	(906,301,097)	(827,639,890)
Total cost of sales		28,888,814,969	20,207,360,151



Notes to the financial statements (continued)

6. Cost of sales (continued)

A. Raw materials consumed

	Crude soyabean oil		Crude palm oil		Total
	Quantity MT*	Value Taka	Quantity MT	Value Taka	Value Taka
2022:					
Opening balance	4,674	568,493,348	-	-	568,493,348
Purchase	101,215	16,713,282,340	3,655	459,295,018	17,172,577,358
	105,889	17,281,775,688	3,655	459,295,018	17,741,070,706
Closing stock	(2,421)	(396,866,826)	-	-	(396,866,826)
	103,468	16,884,908,862	3,655	459,295,018	17,344,203,880

*MT - Metric Ton

	Crude soyabean oil		Crude palm oil		Total
	Quantity MT	Value Taka	Quantity MT	Value Taka	Value Taka
2021:					
Opening balance	4,119	304,409,503	-	-	304,409,503
Purchase	130,329	12,834,514,476	7,173	702,522,621	13,537,037,097
	134,448	13,138,923,979	7,173	702,522,621	13,841,446,600
Closing stock	(4,674)	(568,493,348)	-	-	(568,493,348)
	129,774	12,570,430,631	7,173	702,522,621	13,272,953,252

	Rice bran	Bulk rice	Total
	Taka	Taka	Taka
2022:			
Opening balance	102,351,655	516,700,558	619,052,214
Purchase	1,454,496,193	2,117,983,768	3,572,479,961
	1,556,847,848	2,634,684,326	4,191,532,175
Closing stock	(104,662,963)	(737,955,213)	(842,618,176)
	1,452,284,886	1,896,729,113	3,349,013,999

	Rice bran	Bulk rice	Total
	Taka	Taka	Taka
2021:			
Opening balance	-	147,959,536	147,959,536
Purchase	806,329,784	647,438,506	1,253,768,290
	806,329,784	795,398,042	1,401,727,826
Closing stock	(102,351,655)	(516,700,558)	(619,052,214)
	503,978,129	278,697,484	782,675,612



Notes to the financial statements (continued)

6. Cost of sales (continued)

B. Other materials consumed (in Taka)

	<u>Local</u>		<u>Import</u>		<u>Total</u>
	<u>Packed</u>	<u>Bulk</u>	<u>Packed</u>	<u>Bulk</u>	
2022:					
Rice	-	586,470,641	437,554,534	280,721,585	1,284,746,760
Oil	4,297,905,320	547,282,483	122,137,901	-	4,967,335,704
Other	-	49,512,178	7,203,601	-	56,715,779
	4,297,905,320	1,183,275,303	566,896,036	280,721,585	6,308,798,243
2021:					
Rice	468,226,313	900,888,113	317,703,409	-	1,686,817,835
Oil	3,251,148,839	223,132,259.00	25,774,632	-	3,500,055,730
	3,719,375,152	1,124,020,372	343,478,041	-	5,186,873,565

7. Other income

<u>In Taka</u>	<u>2022</u>	<u>2021</u>
Gain/ (Loss) on sale of property, plant and equipment	(19,623)	1,114,725
Others	10,892,842	6,406,251
	10,873,219	7,520,986

8. Administrative expense

<u>In Taka</u>	<u>Note</u>	<u>2022</u>	<u>2021</u>
Amortisation		489,620	427,218
Communication expenses		4,058,601	3,798,593
Employee related costs		171,282,957	147,324,725
Entertainment		12,355,094	12,392,082
General expenses		2,767,497	1,779,549
Government statutory charges		1,160,669	462,423
Insurance		457,047	81,150
Legal and professional fees		14,885,203	13,829,534
Printing, stationery and postage		3,280,939	2,178,176
Recruitment & advertisement		1,229,387	637,900
Rental expenses	8(A)	1,868,400	1,432,440
Repairs and maintenance		1,812,706	2,169,766
Software operating expense		29,485,633	17,411,406
Staff welfare expenses		1,248,325	905,372
Statutory license and membership fees		756,615	876,377
Travelling and conveyance		18,055,029	10,628,249
Utilities		1,611,739	1,219,862
Depreciation on property, plant and equipment	18(B)	11,529,450	11,391,314
Depreciation on right-of-use of assets	18(B)	11,785,828	8,914,858
Freight and transport		-	6,201,443
		290,120,638	245,050,447

A. Allocation of rental expenses

<u>In Taka</u>	<u>Note</u>	<u>2022</u>	<u>2021</u>
Rental expenses on account of short term leases			
Cost of sales- overhead expenses	6	10,455,204	10,853,960
Administrative expense	8	1,868,400	1,432,440
Selling and distribution expenses	9	11,470,344	11,918,139
		23,793,948	24,202,539

Notes to the financial statements (continued)

9. Selling and distribution expenses

<i>in Taka</i>	<i>Note</i>	2022	2021
Advertisement, sales promotion and TV commercial		108,899,306	104,314,600
Communication expenses		1,640,585	2,239,075
Depot operating expense		179,868	1,195,205
Depreciation on property, plant and equipment	18(B)	9,890,026	5,591,650
Depreciation on right-of-use of assets	18(B)	10,181,636	10,357,680
Employee related costs		127,254,286	113,504,379
Entertainment		2,688,526	1,889,284
General expenses		1,420,522	988,946
Government statutory charges		6,692,253	6,670,804
Printing, stationery and postage		329,750	536,780
Rental expenses	8(A)	11,470,344	11,916,139
Repairs and maintenance		5,801,657	8,413,934
Travelling and conveyance		36,214,085	27,195,971
Sub-contracting employees		200,408,013	184,635,945
Freight and transport		328,542,508	298,003,215
Others		-	4,250
		851,413,265	777,457,737

10. Finance income

<i>in Taka</i>	2022	2021
Interest on bank deposit	34,903,619	28,399,463
	34,903,619	28,399,463

11. Finance costs

<i>in Taka</i>	2022	2021
Interest on bank overdraft	149,890	136,631
Interest on loan against financing purchases	241,967,762	117,321,004
Interest on bank loan	9,762,851	9,547,556
Interest on related party loan	-	438,845
Net foreign exchange loss/ (gain)	(23,818,287)	(1,493,733)
Bank Charges	2,211,301	1,224,412
Interest on lease liabilities	22,781,832	10,644,299
	253,045,149	137,819,014

12. Contribution to Worker's Profit Participation Fund (WPPF)

<i>in Taka</i>	<i>Note</i>	2022	2021
Contribution to WPPF	12(A)	-	3,556,559

A. Computation of contribution to WPPF

	2022	2021
Profit before tax and contribution to WPPF	(193,725,777)	71,131,177
Applicable contribution rate	5%	5%
Amount of contribution to WPPF	-	3,556,559



Notes to the financial statements (continued)

13. Income tax expense
See accounting policy in Note 35(E)

A. Amount recognised in profit or loss

In Taka	Note	2022	2021
Current tax			
Current year		191,725,537	138,888,272
Adjustment during the year		-	(13,982,672)
Current tax expense		191,725,537	124,905,600
Deferred tax expense/(income)	13(C)	(45,399,246)	(26,419,869)
		146,326,292	98,485,731

B. Reconciliation of effective tax rate

In Taka	Note	2022	2021
Profit before tax		(193,725,777)	67,574,618
Applicable tax rate		27.5%	30.00%
Income tax using applicable tax rate		-	20,272,385
Factors affecting the tax charge during the year:			
Excess of accounting depreciation over fiscal depreciation	0.00%	-	17.32%
Non deductible expenses	0.00%	-	58.08%
Provision for gratuity (net of payment)	0.00%	-	45.33%
Excess of fiscal loss/gain over accounting loss on property, plant and equipment	0.00%	-	-1.76%
Rebate for export sales	0.00%	-	1.95%
Adjustment under section 82C	0.00%	-	0.00%
Total income tax expenses (A)		-	44,789,592
Minimum tax			
Current year (B)		191,725,537	138,888,272
Total income tax expenses [Higher of (A & B)]		191,725,537	138,888,272
Adjustment during the year		-	(13,982,672)
Change in recognised temporary differences		(45,399,246)	(26,419,869)
Total income tax expenses for current year		146,326,292	98,485,731
Effective Tax Rate (ETR)		76%	146%

As per the applicable tax law, the Company has to pay tax at the rate applicable to the Company subject to a minimum tax is higher of (a) at the rate of 0.6% of total gross receipts (b) tax deducted at source for export w/s 53BB and tax deducted at source for corporate sales w/s 52 (as covered by section 82C).



13. Income taxes (continued)

C. Movement in deferred tax balances

in Taka	At 1 January	Recognised in profit or loss	Balance at 31 December		
			Net	Deferred tax assets	Deferred tax liabilities
2022:					
Property, plant and equipment	(203,624,260)	20,895,783	(182,727,477)	15,666,128	(198,393,605)
Intangible Assets	-	4,127,244	4,127,244	4,127,244	-
ROU assets and lease liabilities	1,275,100	(17,578,511)	(16,303,411)	-	(16,303,411)
Employee benefits	73,961,574	(2,685,415)	71,276,159	71,276,159	-
Other provisions	6,205,561	(670,732)	5,534,829	5,534,829	-
Carry forward loss	-	10,859,722	10,859,722	10,859,722	-
Unabsorbed Tax Depreciation	-	30,450,154	30,450,154	30,450,154	-
	(122,182,025)	45,399,246	(76,782,779)	137,914,237	(214,697,016)

in Taka	At 1 January	Recognised in profit or loss	Balance at 31 December		
			Net	Deferred tax assets	Deferred tax liabilities
2021:					
Property, plant and equipment	(228,971,038)	25,346,778	(203,624,260)	-	(203,624,260)
ROU assets and lease liabilities	2,911,656	(1,636,556)	1,275,100	-	1,275,100
Employee benefits	70,170,696	3,790,878	73,961,574	73,961,574	-
Other provisions	7,286,792	(1,081,231)	6,205,561	6,205,561	-
	(148,601,894)	26,419,869	(122,182,025)	80,167,135	(202,349,160)

D. Net current tax liabilities/(assets)

in Taka	Note	2022	2021
Provision for income tax	13(D)(i)	2,027,995,527	1,836,269,989
Advance tax deposits and claims with tax authority	13(D)(v)	(1,919,840,810)	(1,795,046,294)
Balance as at 31 December		108,154,717	41,223,695

i. Provision for income tax

See accounting policy in Note 35(E)

in Taka	Note	2022	2021
Balance at 1 January		1,836,269,989	1,758,205,256
Provision made during the year	13(A)	191,725,537	136,888,272
		2,027,995,527	1,897,093,528
Adjustments made during the year		-	(60,823,539)
Balance at 31 December		2,027,995,527	1,836,269,989

ii. Advance tax deposits and claims with tax authority

in Taka	2022	2021
Balance at 1 January	1,795,046,294	1,681,507,389
Paid during the year	124,794,516	66,688,037
	1,919,840,810	1,748,205,426
Adjustments made during the year	-	46,840,868
Balance at 31 December	1,919,840,810	1,795,046,294

Notes to the financial statements (continued)

14. Inventories

See accounting policy in Note 35(F)

<i>In Taka</i>	<i>Note</i>	2022	2021
Raw materials		1,239,385,002	1,187,545,561
Goods in transit	14(A)	1,563,983,806	2,070,868,519
Finished goods		906,301,097	827,639,890
Packing materials, stores and spares and others		272,714,002	227,871,052
		3,982,383,907	4,313,923,022

Details break-up of inventories could not be given as it is quite difficult to quantify each item in a separate and distinct category due to large variety of items. Information in detailed form may not be useful for the users.

A. Goods in transit

<i>In Taka</i>	2022	2021
Raw materials in transit - trade	1,553,780,341	2,047,535,058
Other materials in transit - non trade	10,203,465	23,331,461
	1,563,983,806	2,070,868,519

Risk and rewards of goods in transit have been transferred to the Company but are yet to be received in factory warehouse for further processing.

15. Trade and other receivables

See accounting policy in Note 35(J)

<i>In Taka</i>	<i>Note</i>	2022	2021
Trade receivables	15(A)	833,104,926	579,503,240
Trade receivables due from related parties	15(B)	3,040,235,538	3,018,793,820
Other receivables	15(C)	199,918,235	17,999,850
		4,073,258,698	3,616,296,910

A. Trade receivables

<i>In Taka</i>	2022	2021
Distributors	402,148,210	420,119,883
Institutions	165,011,172	112,819,993
Modern Trades	50,051,049	27,039,852
Police Lines	208,876,298	12,465,420
Wholesalers	7,018,196	7,058,292
	833,104,926	579,503,240



Notes to the financial statements (continued)

15. Trade and other receivables (continued)

B. Trade receivables due from related parties

<i>In Taka</i>	2022	2021
Wilmar Nutrition (Jiangsu) Co.	14,779,800	-
Adani Wilmar Limited	-	575,000
Shun Shing Edible Oil Limited	3,025,455,738	3,018,218,820
	3,040,235,538	3,018,793,820

C. Other receivables

<i>In Taka</i>	Note	2022	2021
Bank interest receivable	15(C)(i)	2,468,243	2,858,356
Claims with the VAT Authority		190,132,554	-
Claims with the insurer and others		7,317,438	15,141,494
		199,918,235	17,999,850

i) Bank interest receivable

<i>In Taka</i>	2022	2021
State Bank of India	-	529,173
Eastern Bank Limited	2,468,243	2,329,183
	2,468,243	2,858,356

16. Advances, deposits and prepayments

<i>In Taka</i>	2022	2021
Advances		
Expense against employees	3,442,960	974,488
Contractors and suppliers	9,826,902	34,718,024
	13,269,862	35,692,492
Deposits		
Security deposit with -		
Bangladesh Economic Zone Authority	50,960,085	50,960,085
Titas Gas Transmission & Distribution Co. Limited	19,764,911	18,545,311
Narayanganj Pali Bidyut Shamity	3,028,000	3,028,000
Food authority	621,000	-
Bogura Pali Bidyut Shamity	18,400	18,400
Narsingdi Pali Bidyut Shamity	75,880	75,880
Telephone authority	33,000	33,000
DESA - Electricity line at Rupshi Warehouse	21,000	21,000
Others	44,300	44,300
State Bank of India - Fixed deposit receipts*	1,823,000	1,823,000
Eastern Bank Limited- Fixed deposit receipts**	3,799,346	3,799,346
Customs duty deposits	2,319,690	5,514,884
LC Margin	172,597,405	-
VAT deposits	150,823,936	301,575,466
	405,929,953	385,438,672
Prepayments		
Insurance premium	6,613,859	5,323,426
BSTI fees and others	15,126,500	12,136,503
	21,740,359	17,459,929
	440,940,174	438,591,093

Notes to the financial statements (continued)

16. Advances, deposits and prepayments (continued)

*Fixed deposit receipts for the amount of Tk 1,823,000 is held by State Bank of India, Dhaka as security against bank guarantee issued in favour of customs authority in terms of The High Court's injunction order in the matter of writ petition filed by the Company against over-valuation of import.

**Fixed deposit receipts for the amount of Tk 3,799,348 is held by Eastern Bank Limited, Dhaka as security against bank guarantee issued in favour of Titas Gas Transmission & Distribution Company Limited in terms of security deposit for supply of gas as per demand letter ref. ZOBIASonargaon/ 132/13 dated 20 February 2012.

A. Current and non-current classification of advances, deposits and prepayments

<i>In Taka</i>	2022	2021
Non-current	80,188,922	78,348,322
Current	360,751,252	360,242,771
	440,940,174	438,591,093

17. Cash and cash equivalents

See accounting policy in Note 35(J)

<i>In Taka</i>	Note	2022	2021
Cash in hand		156,019	240,040
Cash at bank	17(A)	1,322,340,810	848,126,127
Cash and cash equivalents in the statement of financial position		1,322,496,829	848,366,167

A. Cash at bank

<i>In Taka</i>	2022	2021
Balance on current account		
Balance at Bank	77,539,131	43,395,017
Foreign currency - USD denominated	86,780,274	74,746,564
Balance with interest bearing account	1,158,021,405	529,984,546
	1,322,340,810	648,126,127



Notes to the financial statements (continued)

18. Property, plant and equipment

See accounting policy in Note 35(G)

A. Reconciliation of carrying amount

In Taka	Land and development	Building and improvement	Plant and machinery	Tools and equipment	Furniture and fixtures	Motor vehicles	Tank and piping	Under construction	Right-of-use Assets*	Total
Cost										
Balance at 1 January 2021	651,541,051	477,509,432	1,561,984,304	176,779,271	31,138,043	11,046,200	187,092,856	28,494,749	184,426,157	3,290,099,853
Additions	-	-	-	-	-	-	-	211,937,028	114,910,643	326,847,671
Transfer from asset under construction	-	51,818,916	79,086,477	28,907,262	18,688,075	-	-	(176,510,730)	-	-
Disposals	-	-	(15,918,390)	(715,400)	-	-	-	-	(70,319,859)	(86,053,649)
Balance at 31 December 2021	651,541,051	529,418,348	1,625,152,391	202,971,133	49,834,118	11,046,200	187,092,856	63,921,047	229,016,941	3,520,993,855
Balance at 1 January 2022	651,541,051	529,418,348	1,625,152,391	202,971,133	49,834,118	11,046,200	187,092,856	63,921,047	229,016,941	3,529,993,885
Additions	-	-	-	-	-	-	-	85,477,148	475,175,722	560,652,870
Transfer from asset under construction	12,332,339	86,287,663	37,101,293	33,983,506	2,637,896	-	-	(142,342,396)	-	-
Disposals	-	-	-	(1,131,814)	-	-	-	-	(6,929,527)	(8,061,341)
Balance at 31 December 2022	663,873,390	585,706,011	1,662,253,684	235,822,824	52,471,714	11,046,200	187,092,856	7,055,799	697,263,136	4,082,555,414
Accumulated depreciation										
Balance at 1 January 2021	-	92,173,385	304,084,784	146,487,046	23,278,295	11,046,200	79,361,566	-	95,907,402	1,352,336,648
Depreciation	-	14,289,647	98,306,229	16,121,349	2,743,530	-	6,061,105	-	30,083,327	167,635,187
Disposals	-	-	(15,918,390)	(694,249)	-	-	-	-	(60,976,000)	(77,586,729)
Balance at 31 December 2021	-	106,473,002	386,472,623	161,944,146	25,019,825	11,046,200	85,442,671	-	65,014,640	1,442,413,107
Balance at 1 January 2022	-	106,473,002	386,472,623	161,944,146	25,019,825	11,046,200	85,442,671	-	65,014,640	1,442,413,107
Depreciation	-	17,183,946	98,563,930	15,996,349	3,976,772	-	5,935,081	-	77,914,264	219,570,332
Disposals	-	-	-	(1,015,003)	-	-	-	-	(4,049,233)	(5,064,236)
Balance at 31 December 2022	-	123,656,948	1,045,036,553	176,925,492	28,996,597	11,046,200	91,377,752	-	138,879,661	1,656,919,203
Carrying amount										
At 1 January 2021	651,541,051	385,426,077	657,899,520	30,292,225	7,859,748	-	87,731,090	28,494,749	88,518,755	1,937,783,215
At 31 December 2021	651,541,051	422,945,346	638,879,768	41,026,987	23,814,293	-	81,649,985	83,921,047	184,002,301	2,087,580,779
At 31 December 2022	663,873,390	462,049,063	677,217,131	58,897,332	22,476,117	-	76,714,904	7,055,799	558,383,475	2,426,556,211

* Right of use assets include land and buildings related to leased properties. As per IAS 16.58, depreciation has been applied on right of use asset based on lease period of land.



Notes to the financial statements (continued)

18. Property, plant and equipment (continued)

B. Allocation of depreciation

In Taka	2022	2021
Depreciation on property, plant and equipment		
Cost of goods sold	120,236,602	120,568,897
Administrative expense	11,529,450	11,391,314
Selling and distribution expenses	9,890,026	5,591,850
Depreciation on right-of-use of assets		
Cost of goods sold	55,946,790	9,810,808
Administrative expense	11,785,828	9,914,858
Selling and distribution expenses	10,181,636	10,357,860
	219,570,332	187,635,187

19. Intangible assets

See accounting policy in Note 35(i)

A. Reconciliation of carrying amount

In Taka	Under Construction	SAP and HRIS	Total
Cost			
Balance at 1 January 2021	-	38,804,786	38,804,786
Addition	-	669,899	669,899
Balance at 31 December 2021	-	39,474,685	39,474,685
Balance at 1 January 2022	-	39,474,685	39,474,685
Addition	2,650,000	-	2,650,000
Balance at 31 December 2022	2,650,000	39,474,685	42,124,685
Accumulated amortisation			
Balance at 1 January 2021	-	37,382,223	37,382,223
Amortisation	-	427,218	427,218
Impairment loss	-	-	-
Balance at 31 December 2021	-	37,809,441	37,809,441
Balance at 1 January 2022	-	37,809,441	37,809,441
Amortisation	-	489,620	489,620
Impairment loss	-	-	-
Balance at 31 December 2022	-	38,299,061	38,299,061
Carrying amount			
At 1 January 2021	-	1,422,563	1,422,563
At 31 December 2021	-	1,665,244	1,665,244
At 31 December 2022	2,650,000	1,175,624	3,825,624

B. Allocation of amortisation

	2022	2021
Administrative expense	489,620	427,218
	489,620	427,218



20. Investment in subsidiary

On 8 June 2016, the Company acquired 9,903,130 shares (99.97%) out of 9,905,630 shares and voting interests in Shun Shing Edible Oil Limited (SSEOL), which was one of its competitors. The total consideration paid by BEOL for acquisition of such voting interest is BDT 1,554,901,083. This investment is accounted for at cost as per IAS 27 Separate Financial Statements. Details of consideration transferred are described below:

Consideration transferred to -	For number of share	Taka
Shun Shing Group International Limited	9,887,380	1,552,428,158
Mohammad Ali Pasha	5,250	824,308
Ikram Ahmed Khan	5,250	824,308
Shajid Haldar Pasha	3,950	620,194
Sk Raihan Ahmed	525	82,431
Tahmina Ahmed	525	82,431
Sanjida Kamel	250	39,253
	9,903,130	1,554,901,083

21. Share capital

<i>in Taka</i>	<i>% of holding</i>	2022	2021	
Authorised:				
5,000,000 ordinary shares of Tk 100 each		500,000,000	500,000,000	
Issued, subscribed and paid up:				
4,000,000 ordinary shares of Tk 100 each		400,000,000	400,000,000	
Name of the shareholders	Percentage of holding	Number of shares	Face value Taka	Total Face value
Leverian Holdings Pte Ltd.	99.999950%	3,999,998	100	399,999,800
Adani Wilmar Pte. Ltd.	0.000050%	2	100	200
	100%	4,000,000		400,000,000

22. Employee benefits

See accounting policy in Note 35(C).

<i>in Taka</i>	2022	2021
Balance at 1 January	246,538,580	215,809,834
Provision made during the year	43,914,659	38,423,763
	290,453,239	254,333,597
Paid during the year	(31,267,205)	(7,795,017)
Balance at 31 December	259,186,034	246,538,580



23. Loans and borrowings

<i>In Taka</i>	<i>Note</i>	2022	2021
Non-current liabilities	23(A)	369,690,466	140,955,743
Current liabilities	23(B)	4,984,822,953	4,294,075,474
		5,354,513,419	4,435,031,217

A. Non-current liabilities

<i>In Taka</i>	2022	2021
Lease liabilities	369,690,466	140,955,743
	369,690,466	140,955,743

B. Current liabilities

<i>In Taka</i>	<i>Note</i>	2022	2021
UPAS/Usance Acceptance Under Import LC	23(B)(i)	4,855,425,216	4,266,778,582
Lease liabilities		129,397,737	27,296,892
		4,984,822,953	4,294,075,474

i) UPAS (Usance Payable at Sight)/Usance Acceptance Under Import LC

<i>In Taka</i>	2022	2021
Hongkong and Shanghai Banking Corporation Ltd. (HSBC)	1,454,609,556	2,479,920,720
Standard Chartered Bank (SCB)	1,121,428,800	650,746,434
Eastern Bank Limited (EBL)	2,279,386,860	1,135,111,428
	4,855,425,216	4,266,778,582

a. Credit facilities available:

Following credit facilities were available for the Company:

- Overdraft with HSBC : Limit Tk 100 million
- Overdraft with EBL : Limit Tk 10.0 million
- Overdraft with SCB : Limit Tk 50.0 million
- Loan against financing of purchases with HSBC: Limit Tk 2,420 million
- Loan against financing of purchases with EBL: Limit Tk 2,990 million
- Loan against financing of purchases with SCB: Limit Tk 1,880 million

b. Securities against bank facilities:

Letter of comfort obtained from Wilmar International Ltd., Singapore in favour of the banks, hypothecation of stocks and book debts and subordination agreement for loan from Wilmar International Ltd., Singapore.



Notes to the financial statements (continued)

24. Trade and other payables

See accounting policy in Note 35(J)

<i>In Taka</i>	<i>Note</i>	2022	2021
Trade payables due to related parties	24(A)	2,632,233,097	2,991,867,715
Accrued expense	24(B)	648,689,154	585,579,328
Other trade payables	24(C)	1,596,515,498	962,802,672
Other payables	24(D)	555,364,325	360,812,591
Workers' profit participation fund	24(E)	6,325,347	9,528,250
		5,439,127,421	4,910,588,556

A. Trade payables due to related parties

<i>In Taka</i>	2022	2021
Adani Wilmar Limited	58,378,504	6,480,318
Pasir Gudang Edible Oils (PGEO)	1,866,600	-
Shun Shing Edible Oil Limited	2,533,809,400	2,919,440,324
Wilmar International Ltd. Singapore	38,178,193	22,807,150
Wilmar RiceLand Trading Pte. Ltd.	-	43,139,883
	2,632,233,097	2,991,867,715

B. Accrued expense

<i>In Taka</i>	2022	2021
Accrued interest	84,917,773	23,861,747
Audit fee	2,219,500	2,719,750
Sub-contracting employees	4,445,086	19,111,646
Clearing and forwarding	108,095	547,518
Construction contractors	2,343,698	1,681,944
Creditors for Packaging material	24,105,953	12,189,896
Creditors for store supplies and import purchase	28,172,162	32,634,639
Utilities	9,230,758	5,578,574
Professional fees and expenses	6,907,589	4,989,733
Provision - others	-	878,394
Provision for annual leave encashment	20,126,652	19,806,811
Rentals for office and warehouse	8,687,054	13,715,739
Repairs and maintenance	16,595,858	2,899,090
Employee related costs	13,128,260	150,000
Sales promotion and advertising	385,972,222	360,649,749
Sundry creditors	3,597,936	7,124,059
Telephone	2,310,072	253,691
Toll processing charges	5,146,058	19,235,072
Transport	31,674,428	57,751,266
	648,689,154	585,579,328

C. Other trade payables

<i>In Taka</i>	2022	2021
Payable for supply of crude oils and other materials (local)	1,596,515,498	962,802,672
	1,596,515,498	962,802,672



24. Trade and other payables (continued)

D. Other payables

<i>In Taka</i>	2022	2021
Advance received against sales	371,718,492	115,889,218
Withholding tax	5,436,979	55,349,827
VAT payable	11,025,454	1,801,252
Retention from supplier	1,233,400	2,072,194
Security deposit from customers	165,950,000	175,900,000
	555,364,325	350,812,591

E. Worker's profit participation fund

<i>In Taka</i>	2022	2021
Balance at 1 January	9,526,250	6,315,440
Provision made during the year	-	(100,759,273)
	9,526,250	(94,443,833)
Paid during the year	(3,200,903)	103,970,083
Balance at 31 December	6,325,347	9,526,250

25. Actual Production

The Company produced during the year 103,488 MT (2021: 129,774 MT) Crude Soyabean Oil and 3,555 MT (2021: 7,173 MT) Crude Palm Oil out of its purchased crude oil.

26. Number of employees

The number of employees engaged during or part of the year who received a total remuneration of Tk 36,000 or above was 327 (2021: 308).



Notes to the financial statements (continued)

27. Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities. The Company has not disclosed the fair values for financial instruments such as claims receivables, trade and other receivables and trade and other payables, because their carrying amounts are a reasonable approximation of fair values.

In Taka	Note	Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Carrying amount		Fair value					
						Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
31 December 2022													
Financial assets not measured at fair value													
	15	-	-	-	-	4,073,208,698	-	4,073,208,698	-	-	-	-	-
	17(A)	-	-	-	-	1,322,340,810	-	1,322,340,810	-	-	-	-	-
		-	-	-	-	5,395,549,508	-	5,395,549,508	-	-	-	-	-
Financial liabilities measured at fair value													
		-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value													
	23	-	-	-	-	-	(5,354,513,419)	(5,354,513,419)	-	-	-	-	-
	24	-	-	-	-	-	(5,438,127,421)	(5,438,127,421)	-	-	-	-	-
		-	-	-	-	-	(10,792,640,840)	(10,792,640,840)	-	-	-	-	-
31 December 2021													
Financial assets measured at fair value													
	Note	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value													
	15	-	-	-	-	3,616,206,910	-	3,616,206,910	-	-	-	-	-
	17(A)	-	-	-	-	648,126,127	-	648,126,127	-	-	-	-	-
		-	-	-	-	4,264,333,037	-	4,264,333,037	-	-	-	-	-
Financial liabilities measured at fair value													
		-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value													
	23	-	-	-	-	-	(4,435,031,217)	(4,435,031,217)	-	-	-	-	-
	24	-	-	-	-	-	(4,910,508,556)	(4,910,508,556)	-	-	-	-	-
		-	-	-	-	-	(9,345,539,773)	(9,345,539,773)	-	-	-	-	-



27. Financial instruments - Fair values and risk management (continued)

B. Financial risk management

The Company has exposure to the following risks arising from its use of financial instruments:

- Credit risk Note - 27 (B) (i)
- Liquidity risk Note - 27 (B) (ii)
- Market risk Note - 27 (B) (iii)

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

i. Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from buyers and dealers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Accounts and other receivables are mainly related to the Company's buyers. The Company's exposure to credit risk on trade receivables is mainly influenced by the individual payment characteristics of credit purchaser. Credit risk does not arise in respect of any other receivables.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

i (a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets

<i>in Taka</i>	<i>Note</i>	2022	2021
Trade receivables	15(A)	833,104,925	579,503,240
Trade receivables due from related parties	15(B)	3,040,235,538	3,018,793,820
Other receivables	15(C)	199,918,235	17,999,850
Cash at bank	17(A)	1,322,340,810	848,126,127
		5,395,599,508	4,264,423,037



27. Financial instruments - Fair values and risk management (continued)

B. Financial risk management (continued)

I (b) Ageing of financial assets

Ageing of trade receivables

<i>in Taka</i>		2022	2021
Trade receivables	15(A)	833,104,925	579,503,240
Trade receivables due from related parties	15(B)	3,040,235,538	3,018,793,820
		3,873,340,463	3,598,297,060

The ageing of trade receivables at 31 December was:

Invoiced 0-30 days	785,076,579	570,820,858
Invoiced 31-60 days	13,767,696	3,871,530
Invoiced 61-90 days	29,555,917	337,690
Invoiced 91-120 days	6,202	337,162
Invoiced 121-365 days	4,297,892	3,757,775
Invoiced over 365 days	400,639	378,224
	833,104,925	579,503,240

The ageing of trade receivables due from related parties at 31 December was:

Invoiced 0-30 days	21,773,505	63,351,341
Invoiced 31-60 days	6,203	-
Invoiced 61-90 days	-	-
Invoiced 91-120 days	-	575,000
Invoiced 121-365 days	-	-
Invoiced over 365 days	3,018,455,830	2,954,867,479
	3,040,235,538	3,018,793,820



Notes to the financial statements (continued)

27. Financial instruments - Fair values and risk management (continued)

B. Financial risk management (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities as that are settled by delivering cash or other financial assets. The Company's approach when managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Moreover, the Company seeks to maintain short term flows of credit with scheduled commercial banks (as referred in note 23) to ensure payment of obligations in the event when there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

In extreme stressed conditions, the Company may get support from the parent Company in the form of shareholder's loan. The amounts are gross and undiscounted and excludes the impact of netting off arrangement.

31 December 2022	Note	Carrying amount	Expected cash flow	6 months or less	Contractual cash flows	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Bank overdraft	17	-	-	-	-	-	-	-
Loans and borrowings								
Lease liabilities	23	499,088,203	(499,088,203)	(80,525,495)	(69,872,242)	(181,878,360)	(172,257,831)	(16,354,275)
Other	23	4,855,425,216	(4,855,425,216)	(4,855,425,216)	-	-	-	-
Trade and other payables	24	4,790,438,267	(4,790,438,267)	(4,753,389,745)	-	(22,550,522)	(14,486,000)	-
		10,144,951,586	(10,144,951,586)	(9,689,340,456)	(69,872,242)	(203,628,882)	(188,746,831)	(16,354,275)
Derivative financial liabilities		-	-	-	-	-	-	-

31 December 2021	Note	Carrying amount	Expected cash flow	6 months or less	Contractual cash flows	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Bank overdraft	17	-	-	-	-	-	-	-
Loans and borrowings								
Lease liabilities	23	168,252,635	(168,252,635)	(13,248,891)	(14,047,787)	(28,917,872)	(72,103,934)	(39,934,151)
Other	23	4,266,778,562	(4,266,778,562)	(4,206,778,082)	-	-	-	-
Trade and other payables	24	4,325,009,228	(4,325,009,228)	(3,903,568,904)	-	(2,919,440,324)	-	-
		8,760,040,445	(8,760,040,445)	(5,085,596,377)	(14,047,787)	(2,948,358,196)	(72,103,934)	(39,934,151)
Derivative financial liabilities		-	-	-	-	-	-	-



27. Financial instruments – Fair values and risk management (continued)

B. Financial risk management (continued)

iii. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currency of the Company. The functional currency of the company is BDT/Taka/Tk. Majority of the Company's foreign currency transactions are denominated in USD and relates to procurement of crude soyabean oil and crude palm oil.

Exposure to currency risk:

The Company's exposure to foreign currency risk, based on notional amounts, was as follows:

In USD	2022	2021
Foreign currency denominated assets		
Trade and other receivables	144,900	6,698
	144,900	6,698
Foreign currency denominated liabilities		
Loans and borrowings	47,602,208	49,700,391
Trade and other payables	846,638	843,650
	48,548,846	50,544,041

The following significant exchange rates are applied at 31 December:

In Taka	Average rate		Year-end spot rate	
	2022	2021	2022	2021
USD 1	93.43	85.20	102.00	85.65

b) Foreign exchange rate sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies.

A 1% change in foreign exchange rates would have increased/(decreased) equity and profits or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

Effect in Taka	Profit(loss)		Equity	
	Strengthening	Weakening	Strengthening	Weakening
31 December 2022				
USD (1% movement)	49,519,823	(49,519,823)	49,519,823	(49,519,823)
31 December 2021				
USD (1% movement)	43,392,059	(43,392,059)	43,392,059	(43,392,059)

c) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates. The Company is not exposed to fluctuations in interest rates as it has no floating interest rate bearing financial liability as at the reporting date. The Company has not entered into any agreement involving derivative instrument at the reporting date.

Notes to the financial statements (continued)

27. Financial instruments - Fair values and risk management (continued)

B. Financial risk management (continued)

iii. Market risk (continued)

c) Interest rate risk (continued)

As at 31 December 2022, the interest rate profile of the Company's interest bearing financial instruments was:

In Taka	Note	2022	2021
Fixed rate instruments			
Financial assets			
Fixed deposit receipts	16	5,622,346	5,622,346
Financial liabilities		-	-
Variable rate instruments			
Financial assets		-	-
Financial liabilities		-	-

Fixed deposit receipts for the amount of Tk 1,823,000 is held by State Bank of India, Dhaka as security against bank guarantee issued in favour of customs authority in terms of The High Court's injunction order in the matter of writ petition filed by the Company against over-valuation of import and the amount of Tk 3,799,346 is held by Eastern Bank Limited, Dhaka as security against bank

28. Leases

See accounting policy in Note 35(N)

A. Leases as lessee (IFRS 16)

The Company leases a number of warehouses, factory facilities and office spaces under short term leases. The leases typically are effective for a period of 2 to 15 years, with an option to renew the lease after that date. The Company determined that some small and rental warehouses, car and office spaces are under short term leases.

During the year an amount of Taka 23,793,948 (2021: Taka 24,202,539) was recognised as an expense in profit or loss in respect of short term leases in note - 6, note - 8 & note - 9.

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 18)

In Taka	2022	2021
Balance at 1 January	164,002,302	65,518,755
Additions to right-of-use assets	475,175,722	114,910,543
Depreciation charge for the year	(77,914,264)	(30,083,327)
Derecognition of right-of-use assets	(2,880,294)	(9,343,769)
Balance at 31 December	558,383,476	164,002,302

ii. Amounts recognised in profit or loss

In Taka	2022	2021
Interest on lease liabilities	22,781,632	10,644,209
Expenses relating to short-term leases	23,793,948	24,202,539
	46,575,580	34,846,748

iii. Amounts recognised in statement of cash flows

In Taka	2022	2021
Total cash outflow for leases	169,752,161	44,139,744

B. Leases as lessor (IFRS 16)

The Company does not provide any lease facility to other entity.

Notes to the financial statements (continued)

29. Related parties

A. Parent and ultimate controlling party

During 2024, Leveian Holdings Pte Ltd. has 99.99% shareholding of the Company. The ultimate controlling party of the Company is Adani Wilmar Pte Limited.

B. Key management personnel compensation

In Taka	2022	2021
Salary and allowances	10,585,784	10,859,043
	10,585,784	10,859,043

Compensation of the Company's key management personnel includes salaries and non-cash benefits.

C. Other related party transactions

Name of related party	Country	Nature of relationship	Nature of Transactions	Transaction values for the year ended 31 December		Balance outstanding at 31 December	
				2022	2021	2022	2021
Adani Wilmar Limited	India	Parent company	Reimbursement of expense Purchase of aromatic rice	575,000	575,000	-	575,000
Wilmar International Limited	Singapore	Related company	Sap Maintenance Others	(604,891,318) (14,968,012)	(208,009,790) (10,525,515)	(58,376,804) (35,632,887)	(6,480,318) (20,864,975)
Wilmar Trading Pte. Limited	Singapore	Related company	Royalty paid/provision Purchase of CPO / ROL Purchase of Margarine	(15,391) (387,600)	(858) 118,344	(97,206) (2,448,000)	(81,815) (2,080,400)
			Sale of Bulk Product Other (Sale of Mezan and Venin)	(3,507,571) 1,167,532,732	- 1,388,989,001	-	-
Shun Shing Edible Oil Limited (SSEOL)	Bangladesh	Subsidiary	Purchase of finished goods (packed) Purchase of by products Purchase of bulk products	91,087,550 (4,467,052,058) (25,721,400)	162,633,500 (3,251,471,452) (13,505,926)	3,025,455,738 (2,533,809,400)	2,969,310,855 (1,041,791,955)
Adani Bangladesh Parts Private Limited	India	Related company	Interest on loan	(718,105,121)	(884,927,033)	-	-
Wii Pte. Limited	Singapore	Related company	Long term loan payment Interest on loan payment	-	(2,086,687) (31,856,250)	-	-
Wilmar Nutrition (Jiangsu) Co.	China	Related company	Export of By product	-	(436,845)	-	-
Wilmar Japan Co., Ltd.	Japan	Related company	Export of Bulk Oil	57,550,964	25,553,402	14,779,800	-
PGEO Edible Oils SDN BHD	Malaysia	Related company	Purchase of spare parts, capital machineries	3,079,375	(2,743,085)	(1,865,600)	-
Leveian Holdings Pte. Ltd.	Singapore	Related company	Purchase of ROL/ADSO	(4,227,749)	(968,817,442)	-	-
Wilmar Trading (Hong Kong) Limited	Hong Kong	Related company	Purchase of spare parts & capital machineries	(71,519,846)	(154,930,409)	-	-
Wilmar RiceLand Trading Pte. Ltd.	Singapore	Related company	Dummarage claim Rice	-	(558,025) (182,180,334)	-	(43,139,883)



Notes to the financial statements (continued)

30. Capital expenditure commitment

There were no capital expenditure commitment at 31 December 2022.

31. Contingent (liabilities)/Assets

<i>In Taka</i>	2022	2021
The Company has the amount as documentary credit/letter of credit with The Hongkong and Shanghai Banking Corporation Limited at the year.	(567,165,584)	(2,763,791)
The Company has the amount as documentary credit/letter of credit with Standard Chartered Bank at the year.	(890,668,297)	(884,343,737)
The Company has the amount as documentary credit/letter of credit with Eastern Bank Limited at the year.	(32,802,610)	(101,184,956)
The Company has the amount as documentary credit/letter of credit with Commercial Bank of Ceylon.	(65,083,558)	-
Disputed tax claim for 2006 (Assessment year 2007-2008): The Company management has already filed appeal to the High Court against the Tribunal order. Verdict from the High Court is yet to receive.	(38,984,346)	(38,984,346)
Disputed tax claim for 2007 (Assessment year 2008-2009): The Company management has already filed appeal to the High Court against the Tribunal order. Verdict from the High Court is yet to receive.	(15,274,421)	(15,274,421)
Disputed tax claim for 2010 (Assessment year 2011-2012): The Company management has filed leave to appeal before the Appellate Division of the Supreme Court of Bangladesh against the order passed by High Court.	-	(220,969)
Disputed tax claim for 2011 (Assessment year 2012-2013): The Company management has filed leave to appeal before the Appellate Division of the Supreme Court of Bangladesh against the order passed by High Court.	(32,128,411)	(33,290,374)
Disputed tax claim for 2012 (Assessment year 2013-2014): The Company management has filed leave to appeal before the Appellate Division of the Supreme Court of Bangladesh against the order passed by High Court.	(22,099,263)	(29,735,559)
Disputed tax claim for 2016 (Assessment year 2017-2018): The Company management has filed before the Hon'ble High Court Division of the Supreme Court of Bangladesh against the order passed by Tax appellate Tribunal.	(38,209,178)	(93,627,101)
Disputed tax claim for 2017 (Assessment year 2018-2019): A order has been passed by the Tax Appellate Tribunal (TAT) against the order passed by Commissioner of Tax (Appeal). Revised assessment order now in progress at DCT level.	(2,892,639)	(93,141,158)
The company management has filed a Writ Petition before the Hon'ble High Court Division of the Supreme Court against alleged VAT demand.	(9,144,816)	(9,144,816)
The Company management has filed a Writ Petition before the High Court Division of the Supreme Court against alleged VAT demand (Writ Petition no : 56/2008). The honourable High Court has issued stay order in favour of the Company.	(5,844,897)	(5,844,897)



Notes to the financial statements (continued)

31. Contingent (liabilities)/Assets (continued)

<i>In Taka</i>	2022	2021
The company management has filed a Writ Petition before the Hon'ble High Court Division of the Supreme Court against alleged VAT demand on TDS.	(45,158,339)	-
The company management has filed a appeal before the VAT Appellate Tribunal against the order passed by Large Tax Payer Unit (LTU), Case # 147/2021.	(116,632)	-
The company management has filed a appeal before the VAT Appellate Tribunal against the order passed by Large Tax Payer Unit (LTU), Case # 148/2021.	(249,025)	-
The company management has filed a appeal before the VAT Appellate Tribunal against the order passed by Large Tax Payer Unit (LTU), Case # 136/2022.	(11,530,819)	-
The company management has filed a appeal before the VAT Appellate Tribunal against the order passed by Large Tax Payer Unit (LTU), Case # 274/2022.	(18,578,070)	-
The company management has filed a appeal before the VAT Appellate Tribunal against the order passed by Large Tax Payer Unit (LTU), Case # 327/2022.	(11,271,147)	-

The above contingent liabilities in connection with tax have not been recognised as the board of the directors of the company expect favourable outcome from appeals.



32. Subsequent events

No material events had occurred after the reporting date to the date of issue of these financial statements, which could affect the values stated in the financial statements.

33. Implications of COVID-19 on business

The evolution of COVID-19 as well as its impact on the local and global economy, and more specifically, on the Company's activities, is hard to estimate at this stage. In the early stage of this outbreak, the company has taken comprehensive anti-epidemic measures in a timely manner to ensure the health and safety of its employees and continued normal operation in an orderly manner. The Company also facilitated office staffs to work from home with secure access to operating systems when required.

34. The financial statements have been prepared on historical cost basis except for the inventories which are measured at lower of cost and net realizable value.

35. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Certain comparative amounts in the statement of financial position and statement of profit or loss and other comprehensive income have been reclassified as a result of changes in accounting policies or for better presentation purpose, where necessary.

Set out below is an index of the significant accounting policies, the details of which are available on the following pages:

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35. Significant accounting policies (continued)

A. Foreign currency

Transactions in foreign currencies are translated into the relevant functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

B. Revenue from contracts with customers

The Company recognises as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, this standard establishes a five-step model as follows:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Goods are considered as transferred when (or as) the customer obtains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).

The Company applied IFRS 15 from 1 January 2018.

C. Employee benefits

The Company maintains both defined contribution plan (provident fund and workers' profit participation fund) and defined benefit plan (unfunded gratuity scheme) for its eligible permanent employees.

i. Defined contribution plan (provident fund)

Defined contribution plan is a post-employment benefit plan. The recognised Employees' Provident Fund is considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution.

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.



35. Significant accounting policies (continued)

C. Employee benefits (continued)

ii. *Defined benefit plan (unfunded gratuity scheme)*

The Company operates an unfunded gratuity scheme provision in respect of which is made covering all its permanent eligible employees. Gratuity payable to all eligible employees at the end of each year is determined on the basis of existing rules and regulations. Provision for gratuity payable is calculated by way of multiplying number of years served with the last drawn monthly basic salary. A service period of more than six months with the Company is considered as full year service for the purpose of gratuity calculation except for the first year of service which will have to be completed by an employee in order to become eligible for gratuity payment.

iii. *Defined contribution plan (WPPF)*

The Company is required to provide 5% of net profit before tax before charging such expense as WPPF in accordance with Bangladesh Labour Act, 2006.

D. Finance income and finance costs

Finance income comprises interest income on SND (Short Notice Deposit) at bank. Interest income is recognised as it accrues in profit or loss using the effective interest method. Finance costs comprise interest expense on loans and borrowing. Interest cost is recognised as it accrues in profit or loss using the effective interest method.

E. Income tax

Income tax expenses comprise current and deferred tax. Current tax and deferred tax are recognised in the profit or loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in equity.

i. *Current tax*

Current tax is expected tax payable or receivable on the taxable income or loss 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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

ii. *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes. Deferred tax is not recognised for:

- a) temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,
- b) temporary differences related to investment in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future, and
- c) taxable temporary differences arising on the initial recognition of goodwill.



35. Significant accounting policies (continued)

E. Income tax (continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

F. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis for valuation of raw material, raw materials in transit, work in progress and finished goods, packing materials, stores and others. It also includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

There are no inventories to write-down to net realisable value as the cost of the inventory is lower than the net realisable value. Also there are no write-down of inventory due to provision for slow moving and obsolete items as the inventory is very fast moving for the entity. Also there are no indication of slow moving or obsolete inventories identified in the inventory count which requires to write down of inventories.

G. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment, excluding land and land development, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land and land development is measured at cost. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner. Cost also includes initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

ii. Subsequent expenditure

The cost of replacing or upgrading part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of the property, plant and equipment are recognised in the statement of comprehensive income as incurred.

35. Significant accounting policies (continued)

G. Property, plant and equipment (continued)

iii. Depreciation

No depreciation is charged on land and land development and assets under construction.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Building and improvement	40 years
Plant and machinery	5-20 years
Tools and equipment	3-5 years
Furniture and fixtures	10 years
Motor vehicles	5 years
Tank and piping	20 years

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

iv. Gains or losses on disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceed and the carrying amount of the asset and is recognised in profit or loss.

H. Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

I. Intangible assets

i. Recognition and measurement

Intangible assets (SAP Software and HRIS Software) that are acquired by the Company have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

35. Significant accounting policies (continued)

I. Intangible assets (continued)

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised. The estimated useful lives for the current year and comparative is as follows:

	Year
SAP and HRIS software	5

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

iv. Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its continued use. Gains or losses on disposals are determined by comparing the disposal proceeds with the carrying amounts and are recognised net.

J. 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.

i. Recognition and initial measurement

Trade receivables are recognized when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

35. Significant accounting policies (continued)

J. Financial instruments (continued)

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets include cash and cash equivalents, trade and other receivables, and long term receivables and deposits.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all cash deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(b) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

35. Significant accounting policies (continued)

J. Financial instruments (continued)

Financial liability

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include trade and other payables etc.

(a) **Trade and other payables**

The Company recognises a trade and intercompany payables 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.

(b) **Loans and borrowings**

Bank overdrafts that are repayable on demand and short term loans and borrowings are stated at their costs. Short term loan repayable within twelve months from the date of statement of financial position. Those are classified as current liabilities whereas unpaid interest and other charges are classified as current liabilities.

iii. **Derecognition**

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

35. Significant accounting policies (continued)

K. Share Capital

Only ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Paid-up share capital represents total amount contributed by the shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings.

L. Impairment

i. Non-derivative financial assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;

The Company also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

The Company measures loss allowances at an amount equal to lifetime ECLs as there is very low chance of the loss.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

ii. Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflow from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the assets in the CGU on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

35. Significant accounting policies (continued)

M. Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

N. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

L. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

35. Significant accounting policies (continued)

N. Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including vehicle. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

The Company has not leased any property as of 31 December 2021.

O. Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity-accounted investees and income taxes.

P. Reporting period

The financial period of the Company covers 1 year from 1 January to 31 December and is followed consistently.

Q. Statement of cash flows

Cash flows from operating activities are presented under indirect method as per IAS 7: Statement of Cash Flows.

R. Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Material events after the reporting date that are not adjusting events are disclosed in the note 32.

36. Going concern

The financial statements of the Company are prepared on a going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon Company's ability to continue as a going concern. The management do not see any issue with respect to going concern due to pandemic COVID-19 also.



37. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. However, the Company has not early adopted the following new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- A Onerous contracts - Cost of fulfilling a contract (Amendments to IAS 37),
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- B Interest rate benchmark reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- C Other standards
 - COVID-19 Related Rent Concessions (Amendments to IFRS 16)
 - Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16)
 - Reference to Conceptual Framework (Amendments to IFRS 3)
 - Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
 - IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

38. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

