

**Shun Shing Edible Oil Limited**

Auditor's report and financial statements as at  
and for the year ended 31 December 2023

We have audited the financial statements of Shun Shing Edible Oil Limited ("the Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 36 in the financial statements, which indicates that the Company earned a net loss of BDT 377,708,830 during the year ended 31 December 2023 and, as of that date, the Company's current liabilities exceeded its total assets by BDT 920,867,233. As stated in Note 36, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**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 Mehed Hasan, Enrolment number: 1000

Rahman Rahman Huq, Chartered Accountants  
Firm Enlistment Number: CAF-001-080

Dhaka, 13 MAY 2024

DVC:

2405141000AS769326





Shun Shing Edible Oil Limited  
Statement of financial position

In Taka		Note	31 December 2023	31 December 2022
<b>Assets</b>				
Property, plant and equipment	19(A)		2,315,803,231	2,488,294,016
Intangible assets	20		4,692,372	10,699,238
Advances, deposits and prepayments	16		3,438,910	3,438,910
<b>Non-current assets</b>				
			2,323,934,513	2,502,432,164
Inventories	14		1,903,342,501	2,932,235,909
Trade and other receivables	15		3,875,282,878	4,528,135,049
Advances, deposits and prepayments	16		355,409,599	115,814,458
Cash and cash equivalents	17		188,652,023	289,264,549
Current tax assets	13(D)		65,626,824	-
Current assets			6,388,313,825	7,865,449,965
<b>Total assets</b>			<b>8,712,248,338</b>	<b>10,367,882,129</b>
<b>Equity</b>				
Share capital	20		990,563,000	990,563,000
Retained loss			(1,934,738,601)	(1,557,029,771)
<b>Total equity</b>			<b>(944,175,601)</b>	<b>(566,466,771)</b>
<b>Liabilities</b>				
Employee benefits	22		20,648,407	24,222,600
Lease liabilities	21(A)		2,659,961	2,769,147
Loans and borrowings	23(A)		-	382,990,399
<b>Non-current liabilities</b>			<b>23,308,368</b>	<b>409,982,146</b>
Bank overdraft	17(A)		86,598,002	-
Lease liabilities	21(A)		163,553	238,292
Loans and borrowings	23(B)		168,112,912	176,939,551
Trade credit from bank	24		2,095,748,455	2,882,342,434
Trade and other payables	25		7,282,492,649	7,402,977,166
Current tax liabilities	13(D)		-	61,869,312
Current liabilities			9,633,115,571	10,524,366,755
<b>Total liabilities</b>			<b>9,656,423,939</b>	<b>10,934,348,901</b>
<b>Total equity and liabilities</b>			<b>8,712,248,338</b>	<b>10,367,882,129</b>

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.

Auditor

M Mehedi Hasan, Partner  
Enrollment Number: 1000  
Rahman Rahman Huq  
Chartered Accountants  
KPMG in Bangladesh  
Firm Enrollment Number: CAF-001-080

Dhaka, 13 MAY 2024

DVC:



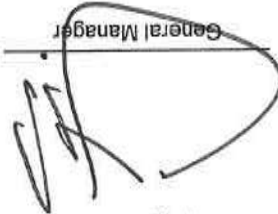
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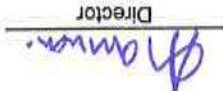
**Shun Shing Edible Oil Limited**  
Statement of profit or loss and other comprehensive income

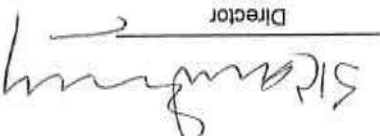
For the year ended 31 December

In Taka	Note	2023	2022
Revenue	5	11,657,564,977	10,591,028,304
Cost of sales	6	(11,589,931,431)	(10,561,047,482)
Gross profit		67,633,546	29,980,822
Other income	7	6,505,354	7,488,703
Administrative expenses	8	(21,788,903)	(23,733,182)
Selling and distribution expenses	9	(140,906,309)	(111,696,226)
Operating profit/(loss)		(88,556,312)	(97,958,883)
Finance income	10	10,336,720	11,663,237
Finance costs	11	(236,251,115)	(183,515,857)
Net finance costs		(225,914,395)	(171,852,620)
Profit/(Loss) before tax and WPPF		(314,470,707)	(269,811,503)
Contribution to Worker's Profit Participation Fund	12	-	-
Profit/(loss) before tax		(314,470,707)	(269,811,503)
Income tax expense	13	(70,415,125)	(63,763,130)
Profit/(Loss) for the year		(384,885,832)	(333,574,633)
Other comprehensive income, net of tax		7,177,002	-
Total comprehensive income/(loss) for the year		(377,708,830)	(333,574,633)

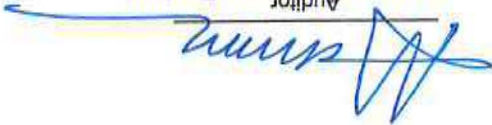
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General Manager  


Director  


Director  


As per our report of same date.

  
Auditor

M Mehedul Hasan, Partner  
Enrolment Number: 1000  
Rahman Rahman Hug  
Chartered Accountants  
KPMG in Bangladesh  
Firm Enlistment Number: CAF-001-080

Dhaka, 13 MAY 2024

DVC:

2405141000A5769326



Shun Shing Edible Oil Limited  
Statement of changes in equity

For the year ended 31 December 2023

Attributable to owners of the Company			
Share	Accumulated		
capital	loss		
Total equity			
		In Taka	
		Balance at 1 January 2022	990,563,000
		Profit for the year	(333,574,633)
		Total Comprehensive Income for the year	(333,574,633)
		Transaction with owners of the company	(1,557,029,771)
		Contributions and distributions	(566,466,771)
		Total Transaction with owners of the company	(566,466,771)
		Balance at 31 December 2022	990,563,000
		Balance at 1 January 2023	990,563,000
		Loss for the year	(1,557,029,771)
		Total Comprehensive Income for the year	(377,708,830)
		Transaction with owners of the company	(944,175,601)
		Contributions and distributions	(566,466,771)
		Total Transaction with owners of the company	(566,466,771)
		Balance at 31 December 2023	990,563,000

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





Shun Shing Edible Oil Limited  
Statement of cash flows

For the year ended 31 December

In Take	Note	2023	2022
Cash flows from operating activities		(384,885,832)	(333,574,633)
Profit for the year			
Adjustments for			
- Income tax expense	13	70,415,125	63,763,130
- Depreciation	19(A)	224,543,492	218,853,778
- Amortisation	20(A)	6,969,366	6,808,949
- Finance income	10	(10,336,720)	(11,663,237)
- Finance costs	11	236,251,115	183,515,857
- Loss/(Gain) on sale of property, plant and equipment	7	-	(788,334)
		142,956,546	126,915,510
Changes in			
- Inventories		1,028,893,408	(1,851,341,435)
- Advances, deposits and prepayments		(239,595,141)	114,900,320
- Trade and other receivables		651,181,429	(1,591,718,031)
- Trade and other payables		4,399,208	7,160,259
- Employee benefits		1,466,378,306	(2,069,589,585)
Cash generated from (used in) operating activities		(796,399)	(234,767)
Employee benefits - paid		(796,399)	(234,767)
Income tax paid	13(D)(ii)	(197,911,261)	(125,443,306)
Interest paid		(234,426,071)	(125,217,663)
Net cash generated from (used in) operating activities		1,033,244,576	(2,320,485,321)
Cash flows from investing activities			
Acquisition of non-current asset	19(A)	(52,041,450)	(11,735,213)
Interest received	10	10,336,720	11,663,237
Net cash used in investing activities		(41,704,730)	(71,976)
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of loan	23(A)(i)	(1,178,411,017)	1,803,349,858
Payment of lease liabilities		(339,357)	(4,500,868)
Net cash (used in) generated from financing activities		(1,178,750,374)	1,798,848,990
Net increase in cash and cash equivalents		(187,210,528)	(521,708,307)
Cash and cash equivalents at 1 January		289,264,549	810,972,856
Cash and cash equivalents at 31 December	17	102,054,021	289,264,549

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



## 1. Reporting entity

Shun Shing Edible Oil Limited is a private company limited by shares incorporated in Bangladesh under the Companies Act, 1994. Initially the company was registered in the name of China Friendship Cement Co. Ltd. vide registration No. CHC-2775 dated 04 September 1997. Subsequently, on 29 June 1999 the name of the company was changed to Seven Circle Cement Mills Ltd. vide REJCO No. 4465 dated 18 February 1999. Thereafter, on 09 July 2009 the name of the company has been changed again to Seven Circle Bitumen & Edible Oil Ltd. vide REJCO No. 6517 dated 13 May 2008. The company has changed its name from Seven Circle Bitumen & Edible Oil Ltd. to Shun Shing Edible Oil Ltd. from Register of Joint Stock Companies and Firms vide registration No. 201287310 dated 20 February 2013. The company has transferred its 100% shares to Bangladesh Edible Oil Limited and Adani Wilmar Pte. Limited dated 08 June 2016.

The Company is mainly engaged in refining of Crude Degummed Soyabean Oil (CDSO) and Crude Palm Oil (CPO) and packaging of the same for distributing in local market. Also, the Company provides crude oil transport services and oil processing services to its customers.

## 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 02 MAY 2024. Details of the Company's accounting policies are included in note 35.

## 3. Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka/TK/BDT) which is also the functional currency of the Company. All amounts of financial statements 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. Judgments

Information about judgments 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 - 18 and 35 (P)  
Lease liability  
Note - 21 and 35 (P)

## B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2023 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)  
Note 14  
Note 32  
Note 35(A)(iii)  
Note 35(D)  
Note 35(H)  
Note 35(I)  
- Provision for income tax







Notes to the financial statements (continued)

Revenue	See accounting policy in Note 35(L)	In Taka		Note	2023		2022		
		Revenue from customers			5(A)		10,548,331,286		
		Vessel operations			5(B)		42,697,018		
		Revenue from customers			11,622,074,412		10,591,028,304		
		In Taka		Note		2023		2022	
A.	Revenue from customers	In Taka		Note	2023		2022		
		Local sales			5(A)(i)		10,824,845,519		
		Export sales			5(A)(ii)		71,251,859		
		Gross sales			12,561,698,161		10,896,097,378		
		Value added tax (VAT)			(939,623,749)		(347,766,092)		
		In Taka		Note		2023		2022	
A.	Revenue from customers	In Taka		Note	2023		2022		
		Local sales			5(A)(i)		10,824,845,519		
		Export sales			5(A)(ii)		71,251,859		
		Gross sales			12,561,698,161		10,896,097,378		
		Value added tax (VAT)			(939,623,749)		(347,766,092)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
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B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)		(4,269,702)		
		In Taka		Note		2023		2022	
B.	Vessel Operations	In Taka		Note	2023		2022		
		Gross sales			39,433,962		46,966,720		
		Value added tax (VAT)			(3,943,397)				

## 6. Cost of sales

In Taka		Note	
2022	2023		
Revenue from contracts with customers	11,533,212,604	6(A)	
Vessel operation	56,718,827	6(B)	
	33,588,421		
	10,527,459,061		
	10,561,047,482		

## A. Cost of sales - Revenue from contract with customers

In Taka		Note	
2022	2023		
Raw materials	856,210,983		
Opening stock of raw materials			
Purchase during the year	10,146,162,966		
Crude oil	9,871,914,157		
Closing stock of raw materials	11,002,373,948		
	(495,693,706)	14	
	9,958,042,126		
	(856,210,983)		
	9,101,831,143	6(A)(i)	

## Production overheads

Indirect materials consumed	433,133,153		
Overhead expenses	313,046,463		
Depreciation on property, plant and equipment	215,935,189	18(B)	
Depreciation on right-of-use of assets	496,486	18(B)	
Salary and wages	74,106,259		
	1,036,717,549		
Cost of goods manufactured	11,543,497,790		
Opening stock of finished goods	382,620,446	14	
Local purchase/ import during the year	11,926,118,236	6(A)(iii)	
	82,559,378		
	10,910,079,507		
	(382,620,446)		
	10,527,459,061		

## I. Raw materials consumed

Crude soyabean oil		Quantity MT	Value Taka	Crude palm oil		Quantity MT	Value Taka	Total Value Taka
2023:								
Opening balance	2,524	459,084,933		3,454	397,126,049		856,210,983	
Purchase	41,699	5,162,878,948		30,949	4,983,284,017		10,146,162,966	
	44,223	5,621,963,882		34,403	5,380,410,066		11,002,373,948	
Closing stock	(1,908)	(226,891,896)		(2,602)	(268,701,810)		(495,693,706)	
	42,314	5,395,071,986		31,801	5,111,708,256		10,506,780,242	



## 6. Cost of sales (continued)

## A. Cost of sales - Revenue from customers (continued)

## I. Raw materials consumed (continued)

Crude soyabean oil		Crude palm oil		Total	
Quantity	Value	Quantity	Value	Quantity	Value
MT	Taka	MT	Taka	MT	Taka
<b>2022:</b>					
Opening balance	7,237,691	661	78,890,278	86,127,969	
Purchase	5,425,751,801	48,106	4,446,162,356	9,871,914,157	
35,204					
35,262					
Closing stock	(459,084,933)	(3,454)	(397,126,049)	(856,210,983)	
32,738		45,314		9,101,831,143	
4,973,904,558		4,127,926,585			

\*MT: Metric Ton

## II. Other material consumed (In Taka)

2023		2022	
Local	-	Local	-
Total		Total	
Oil		Oil	
Packed		Packed	
82,559,378		82,559,378	
82,559,378		82,559,378	

## B. Cost of sales - Vessel Operation

In Taka		Note		2023		2022	
Depreciation on property, plant and equipment	4,756,894	18(B)	5,382,702	5,382,702		5,382,702	
Insurance	1,333,116		1,975,936	1,975,936		1,975,936	
Sub-contracting employees	5,314,708		6,059,104	6,059,104		6,059,104	
Licence and membership fees	326,820		273,003	273,003		273,003	
Fuel, lubricant and others	18,083,262		17,194,549	17,194,549		17,194,549	
Repair & maintenance	25,439,253		1,315,213	1,315,213		1,315,213	
Line expenses	1,464,775		1,387,914	1,387,914		1,387,914	
	56,718,827		33,588,421	33,588,421		33,588,421	





7. Other income			
In Taka	2023	2022	
Gain/(loss) on sale of property, plant and equipment	-	788,334	
Others	6,505,354	6,700,369	
	6,505,354	7,488,703	
8. Administrative expenses			
In Taka	2023	2022	
Amortization	6,613,726	6,453,309	
Communication expenses	1,303,569	1,339,714	
Depreciation on property, plant and equipment	709,012	387,452	
Employee related costs	3,228,566	5,255,449	
Entertainment	1,332,563	1,215,117	
General expenses	191,605	114,650	
Government statutory charges	65,726	197,307	
Insurance	3,255,044	32,747	
Legal and professional fees	3,698,300	2,966,701	
Licence and membership fees	60,583	83,895	
Printing, stationery and postage	14,575	29,428	
Recruitment and advertisement expenses	11,362	78,075	
Repairs and maintenance	207,135	116,576	
Software expenses	-	5,382,846	
Staff welfare expenses	1,060,768	33,300	
Travelling and conveyance	46,369	46,616	
	21,788,903	23,733,182	
9. Selling and distribution expenses			
In Taka	2023	2022	
Amortization	355,640	355,640	
Communication expenses	12,178	11,009	
Depreciation on property, plant and equipment	2,645,911	2,253,490	
Freight and Transport	127,656,595	103,774,854	
Employee related costs	1,685,275	1,542,028	
External worker	3,856,272	2,996,163	
Entertainment	8,100	36,900	
General expenses	1,975	37,945	
Government statutory charges	30,000	-	
Printing, stationery and postage	375	870	
Repairs and maintenance	4,648,270	670,208	
Travelling and conveyance	5,718	16,119	
	140,906,309	111,695,226	



Notes to the financial statements (continued)

10. Finance income	See accounting policy in Note 35(N)	In Taka		
			2023	2022
		Interest on bank deposit	10,336,720	11,663,237
			10,336,720	11,663,237
11. Finance costs	See accounting policy in Note 35(M)	In Taka		
			2023	2022
		Interest on bank overdraft	3,174,947	19,205
		Interest on loan against financing purchases	166,831,961	110,909,661
		Interest on short term loan	57,762,047	9,119,861
		Interest on long term loan	2,982,412	59,994,529
		Interest on lease liabilities	144,175	1,004,917
		Net foreign exchange loss/(gain)	4,586,254	(7,130)
		Bank charges	1,769,319	2,474,814
			236,251,115	183,515,857
12. Contribution to WPPF	See accounting policy in Note 35(H)	In Taka		
			2023	2022
		Contribution to WPPF	12(A)	-
A. Computation of contribution to WPPF				
		Profit before tax and contribution to WPPF	(314,470,707)	(269,811,503)
		Applicable contribution rate	5%	5%
		Amount of contribution to WPPF	-	-



Notes to the financial statements (continued)

13. Income tax expense

See accounting policy in Note 35(i)

A. Amount recognised in profit or loss

In Taka	2023	2022
Current tax	70,415,125	63,763,130
Current year	70,415,125	63,763,130
Current tax expense	70,415,125	63,763,130
Deferred tax	-	-
Deferred tax expense/(income)	-	-
Total income tax expense	70,415,125	63,763,130

B.

Reconciliation of effective tax rate

In Taka	2023	2022
Profit before tax	(314,470,707)	(269,811,503)
Applicable tax rate	27.50%	27.5%
Income tax using applicable tax rate	-	-

Factors affecting the tax charge during the year:

2023		2022	
Percentage	Amount	Percentage	Amount
Excess of accounting depreciation over fiscal depreciation	0.00%	-	0.00%
Non deductible expenses	0.00%	-	0.00%
Provision for gratuity (net of payment)	0.00%	-	0.00%
Excess of fiscal (loss)/gain over accounting loss	0.00%	-	0.00%
Total income tax expenses (A)		-	

Minimum tax	70,415,125	63,763,130
Current year (B)	70,415,125	63,763,130
Total income tax expenses [(Higher of (A) & (B))]	70,415,125	63,763,130
Change in recognised temporary differences	-	-
Total income tax expenses for current year	70,415,125	63,763,130
Effective Tax Rate (ETR)	0%	0%

As per the applicable tax law, SSEOL has to pay tax at the rate applicable to the company subject to a minimum tax which is higher of (a) at the rate of 0.6% of total gross receipts (b) tax deducted at source for export u/s 123 and tax deducted at source for corporate sales u/s 89 (as covered by section 163).







Notes to the financial statements (continued)

13. Income taxes (continued)

C. Movement in deferred tax balances

31 December 2023

(Taxable)/ deductible temporary difference		Accounting carrying amount	Tax carrying amount	
Property, plant and equipment		2,282,030,622	1,111,619,263	(1,170,411,359)
Intangible asset		4,692,372	21,120,729	16,428,357
ROU assets and lease liabilities		2,450,834	-	(2,450,834)
Provision for gratuity		-	27,825,409	27,825,409
Other provisions		-	5,029,258	5,029,258
Unabsorbed depreciation		-	1,571,016,775	1,571,016,775
Carry forward business loss		-	162,163,656	162,163,656
Total temporary differences		2,289,173,828	2,898,775,090	609,601,262
Applicable tax rate				27.50%
Deferred tax assets/(liabilities)				167,640,347

31 December 2022

(Taxable)/ deductible temporary difference		Accounting carrying amount	Tax carrying amount	
Property, plant and equipment		2,468,517,959	1,112,123,153	(1,356,394,806)
Intangible asset		10,699,238	21,054,976	10,355,738
ROU assets and lease liabilities		(957,715)	-	957,715
Provision for gratuity		(24,222,600)	-	24,222,600
Other provisions		-	-	-
Unabsorbed depreciation		-	1,167,633,840	1,167,633,840
Carry forward business loss		-	327,763,832	327,763,832
Total temporary differences		2,454,036,882	2,628,575,801	174,538,919
Applicable tax rate				27.5%
Deferred tax assets/(liabilities)				47,998,203

D.

Current tax liabilities/assets

In Taka		Note	2023	2022
Provision for income tax		13(D)(i)	453,142,134	382,727,009
Advance tax deposits and claims with tax authority		13(D)(iii)	(518,768,958)	(320,857,697)
Balance as at 31 December			(65,626,824)	61,869,312

i. Provision for income tax

In Taka		2023	2022
Balance at 1 January		382,727,009	318,963,879
Provision made during the year		70,416,125	63,763,130
Adjustments made during the year		453,142,134	382,727,009
Balance at 31 December		453,142,134	382,727,009

ii. Advance tax deposits and claims with tax authority

In Taka		2023	2022
Balance at 1 January		320,857,697	195,414,391
Paid during the year		197,911,261	125,443,306
Adjustments made during the year		518,768,958	320,857,697
Balance at 31 December		518,768,958	320,857,697

14.

## Inventories

See accounting policy in Note 35(E)

In Taka		Note		
2022	2023			
856,210,983	495,593,706		Raw materials	
1,484,375,338	830,046,128	14(A)	Goods in transit	
382,620,446	392,905,632		Finished goods	
209,029,142	184,797,036		Packing materials, store materials, spares and others	
2,932,235,909	1,903,342,501			

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

In Taka				
2022	2023			
1,479,107,239	825,826,728		Raw materials in transit - trade	
5,268,099	4,219,400		Other materials in transit - non trade	
1,484,375,338	830,046,128			

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

15.

## Trade and other receivables

See accounting policy in Note 35(F)

In Taka		Note		
2022	2023			
209,932,257	6,397,572	15(A)	Trade receivables	
4,159,635,416	3,722,787,748	15(B)	Trade receivables due from related party	
158,567,376	146,097,558	15(C)	Other receivables	
4,528,135,049	3,875,282,878			



## Notes to the financial statements (continued)

## 15. Trade and other receivables (continued)

	In Taka	
	2023	2022
A. Trade receivables		
Institution	6,397,572	209,932,257
Trade receivables due from related party	6,397,572	209,932,257

## B. Trade receivables due from related party

In Taka	
2023	2022
Bangladesh Edible Oil Limited	4,159,635,416
	3,722,787,748
	4,159,635,416

## C. Other receivables

In Taka	
2023	2022
Claim with VAT Authority	142,444,034
Claim with the insurer	16,160,355
	158,567,376

16. Advances, deposits and prepayments  
See accounting policy in Note 35(F)

In Taka		Note	2023	2022
Advances	16(A)		2,606,156	4,748,880
Deposits	16(B)		351,123,203	107,908,535
Prepayments	16(C)		5,119,150	6,595,953
			358,848,509	119,253,368

## A. Advances

In Taka	
2023	2022
Contractors and suppliers	2,606,156
	4,748,880

## B. Deposits

In Taka	
2023	2022
VAT deposits	45,179,614
LC Margin	300,991,500
Customs duty deposits	1,513,179
West Zone Power Company Ltd	2,400,000
Bangladesh Fisheries Development Corporation	500,000
Mongla Port Authority	300,000
Linde Bangladesh Ltd	238,910
	107,908,535





Notes to the financial statements (continued)

16. Advances, deposits and prepayments (continued)

In Taka		
2023	2022	
4,016,900	4,535,745	Insurance premium
293,260	1,250,208	BSTI fees
810,000	810,000	Municipal tax
5,119,160	6,595,953	

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

In Taka		
2023	2022	
3,438,910	3,438,910	Non-current
356,409,599	115,814,458	Current
358,848,509	119,253,368	

17. Cash and cash equivalents

In Taka		
2023	2022	
143,266	157,476	Cash in hand
188,508,757	289,107,073	Cash at bank
188,652,023	289,264,549	Cash and cash equivalents in the statement of financial position

Note

A. Bank overdraft

(86,598,002)	(86,598,002)	City Bank PLC
-	-	Bank overdraft repayable on demand and used for cash management purposes

B. Cash at bank

In Taka		
2023	2022	
3,804,339	270,209,472	Balance with banks on current account
184,704,418	18,900,603	Balance with banks on interest bearing account
188,508,757	289,110,075	



Notes to the financial statements (continued)

18. Property, plant and equipment  
See accounting policy in Note 35(A)

A. Reconciliation of carrying amount

In Taka	Land and development	Building and improvement	Tank and piping	Jetty, pier and facilities	Plant and machineries	Tools and equipment	Furniture and fixtures	Motor vehicles	Marine vessels	Assets under construction	Right-of-use assets*	Total
<b>Cost</b>												
Balance at 1 January 2022	17,726,333	801,500,033	384,661,585	53,908,374	2,121,342,608	65,531,380	8,812,153	12,977,144	162,151,355	258,413,985	5,205,193	3,892,230,144
Addition	-	-	-	-	-	-	-	-	-	11,735,213	1,079,044	12,814,257
Transfer from asset under construction	-	5,329,954	21,966,077	-	236,002,313	6,389,449	461,403	-	-	(270,149,197)	-	-
Disposal	-	-	-	-	(348,000)	(6,126,723)	(562,966)	(1,851,492)	-	-	(1,083,089)	(9,972,250)
Balance at 31 December 2022	17,726,333	806,829,988	406,627,663	53,908,374	2,356,996,921	65,794,107	8,710,590	11,125,652	162,151,355	-	5,201,168	3,895,072,150
Balance at 1 January 2023	17,726,333	806,829,988	406,627,663	53,908,374	2,356,996,921	65,794,107	8,710,590	11,125,652	162,151,355	-	5,201,168	3,895,072,151
Addition	-	-	-	-	-	-	-	-	-	52,041,450	73,179	52,114,629
Transfer from asset under construction	-	1,919,895	-	-	22,303,280	12,086,494	-	-	1,250,000	(37,559,669)	-	-
Disposal	-	-	-	-	-	(182,699)	-	-	-	-	-	(182,699)
Balance at 31 December 2023	17,726,333	808,749,883	406,627,663	53,908,374	2,379,300,201	77,697,902	8,710,590	11,125,652	163,401,355	14,481,781	5,274,347	3,947,004,081
<b>Accumulated depreciation</b>												
Balance at 1 January 2022	-	176,668,798	167,634,527	25,999,209	714,472,814	33,046,514	7,170,699	12,977,144	55,897,395	-	3,918,733	1,197,785,833
Depreciation	-	30,174,510	20,721,342	2,796,026	147,228,796	8,812,869	438,421	-	8,315,153	-	366,672	218,853,778
Disposal	-	-	-	-	(186,334)	(6,126,723)	(562,966)	(1,851,492)	-	-	(1,133,982)	(9,861,477)
Balance at 31 December 2022	-	206,843,309	188,355,868	28,795,235	861,515,276	35,732,649	7,046,153	11,125,652	64,212,547	-	3,151,444	1,406,778,133
Balance at 1 January 2023	-	206,843,309	188,355,868	28,795,235	861,515,276	35,732,649	7,046,153	11,125,652	64,212,547	-	3,151,444	1,406,778,133
Depreciation	-	30,300,424	20,965,300	2,796,026	150,580,678	10,714,281	312,645	-	8,377,653	-	496,485	224,543,492
Disposal	-	-	-	-	-	(182,699)	-	-	-	-	61,922	(120,777)
Balance at 31 December 2023	-	237,143,733	209,321,168	31,591,261	1,012,095,954	46,264,231	7,358,798	11,125,652	72,590,200	-	3,709,851	1,631,200,848
<b>Carrying amount</b>												
At 1 January 2022	17,726,333	624,831,235	217,027,059	27,909,165	1,406,868,793	32,484,867	1,641,454	-	106,253,960	258,413,985	1,286,460	2,664,444,311
At 31 December 2022	17,726,333	599,986,679	218,271,794	26,113,139	1,495,481,645	30,061,457	1,664,437	-	97,938,808	-	2,049,724	2,488,294,016
At 31 December 2023	17,726,333	571,606,150	197,306,494	22,317,113	1,367,204,247	31,433,670	1,351,792	-	90,811,155	14,481,781	1,564,496	2,315,803,231

\* Right of use assets include land and buildings related to leased properties. As per IAS 16.59, depreciation has been applied on right of use asset based on lease period of land.  
\*\* Disposals include adjustments made during the year



18. Property, plant and equipment (continued)

B. Allocation of depreciation

In Taka		
2023	2022	
Depreciation of property, plant and equipment	215,935,189	210,463,555
Cost of sales - Revenue from customers	4,756,894	5,382,702
Cost of sales - Vessel Operation	709,012	387,452
Administrative expenses	2,645,911	2,253,490
Selling and distribution expenses	224,047,007	218,487,199
Depreciation on right-of-use of assets	496,485	366,579
Cost of sales - Revenue from customers	496,485	366,579
	224,643,492	218,853,778

## 19.

## Intangible assets

See accounting policy in Note 35(D)

## A.

## Reconciliation of carrying amount

In Taka		
ERP installation and development	Asset under construction	Total
Cost		
Balance at 1 January 2022	35,644,746	35,644,746
Addition	-	-
Transfer from asset under construction	-	-
Disposal	(1,600,000)	(1,600,000)
Balance at 31 December 2022	34,044,746	34,044,746
Balance at 1 January 2023	34,044,746	34,044,746
Addition	-	-
Transfer from asset under construction	962,500	962,500
Disposal	-	-
Balance at 31 December 2023	35,007,246	35,007,246
Accumulated amortisation		
Balance at 1 January 2022	18,136,559	18,136,559
Amortisation	6,808,949	6,808,949
Impairment	-	-
Disposal	(1,600,000)	(1,600,000)
Balance at 31 December 2022	23,345,508	24,945,508
Balance at 1 January 2023	23,345,508	23,345,508
Amortisation	6,969,366	6,969,366
Impairment	-	-
Disposal	-	-
Balance at 31 December 2023	30,314,874	30,314,874
Carrying amount		
At 1 January 2022	17,508,187	17,508,187
At 31 December 2022	10,699,238	10,699,238
At 31 December 2023	4,692,372	4,692,372
Allocation of amortisation		
In Taka		Note
2023	2022	
Amortisation of intangible assets	6,613,726	6,453,309
Administrative expenses	355,640	355,640
Selling and distribution expenses	6,969,366	6,808,949





20.

Share capital

See accounting policy in Note 35(O)

In Taka			
2023	2022		
15,000,000 ordinary shares of Tk 100 each	1,500,000,000		
Issued, subscribed and paid up:			
9,905,630 ordinary shares of Tk 100 each	990,563,000		990,563,000

Name of the shareholders		Percentage of holding	Number of shares	Face value	Total Face Value
Bangladesh Edible Oil Limited		99.975%	9,903,130	100	990,313,000
Adani Wilmar Pte. Ltd.		0.025%	2,500	100	250,000
		100.00%	9,905,630		990,563,000

21.

Lease liabilities

See accounting policy in Note 35(P)

Leases as lessee (IFRS 16)

i. Reconciliation of carrying amount

In Taka			
2023	2022		
Balance at 1 January	3,007,439		5,373,479
Adjustments	-		1,129,911
Interest on lease liabilities	144,175		1,004,917
Payment of interest on lease liabilities	(144,175)		(1,004,917)
Payment of lease liabilities (principal portion)	(183,925)		(3,495,951)
Balance at 31 December	2,823,514		3,007,439

ii. Lease liabilities

In Taka			
2023	2022		
Non Current Liabilities	2,659,961		2,769,147
Current Liabilities	163,553		238,292
	2,823,514		3,007,439

iii. Amounts recognised in profit or loss

In Taka			
2023	2022		
Interest on lease liabilities	144,175		1,004,917
	144,175		1,004,917

iv. Amounts recognised in statement of cash flows

In Taka			
2023	2022		
Total cash outflow for leases	328,100		5,505,785

B.

Leases as lessor

Shun Shing Edible Oil Limited does not provide any lease facility to other entity.





Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

In Taka	31 December 2023	31 December 2022
Discount Rate (- / + 1%)	19,322,864	25,503,686
Salary Growth Rate (- / + 1%)	25,559,428	19,235,578
Attrition Rate (- / + 50% of attrition rates)	22,518,371	21,723,591
Mortality Rate (- / + 10% of mortality rates)	22,163,362	22,105,797
	Increase	Decrease
	Increase	Decrease

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

In Taka	2023	2022
Salary growth rate	8.15%	-
Discount rate	10.80%	-

The following was the principal actuarial assumption at the reporting date:

**i. Actuarial assumption**

\* No detailed breakdown of 2022 is available as actuarial valuation has been performed for the first time in 2023

In Taka	2023	2022	2023	2022
Balances as at 1 January	24,222,600	-	50	24,222,550
Included in profit or loss*	2,892,257	-	-	2,892,257
Current service costs	-	-	-	-
Past service costs	-	-	-	-
Interest cost	2,614,156	-	-	2,614,156
Interest income	-	-	5	(5)
Included in OCI*	5,506,413	-	5	5,506,408
Actuarial (gain)/loss arising from:				
- demographic assumption	-	-	-	-
- financial assumption	-	-	-	-
- experience adjustment	(6,797,957)	-	-	(6,797,957)
Return on plan asset excluding interest	-	-	(5)	-
Other*	(6,797,957)	-	(5)	(6,797,952)
Contribution paid by the employer	-	-	-	2,282,599
Benefits paid	(796,399)	-	-	(796,399)
Balances as at 31 December	22,134,657	-	1,486,250	20,648,407

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset)/liability and its components.

**A. Movement in net defined benefit (asset)/liability**

In Taka	2023	2022
Net defined benefit asset	(1,486,250)	-
Net defined benefit liability	22,134,657	-
Net defined benefit liability at 31 December	20,648,407	24,222,600
Non-current*	20,220,704	-
Current*	427,703	-

**22. Employee benefits**

See accounting policy in Note 35(H)

A.	Non Current Liabilities	Non Current Liabilities	23(A)	-	382,990,399
		Current Liabilities	23(B)	168,112,912	176,939,551
In Taka					
A.	Non Current Liabilities	Non current portion of term loan	23(A)(i)	-	382,990,399
		Current portion of term loan	23(A)(i)	-	176,939,551
In Taka					
B.	Current Liabilities	City Bank PLC		-	382,990,399
		Non current portion		-	176,939,551
In Taka					
I. Long term loan		Current portion of term loan	23(A)(i)	-	382,990,399
		Non current portion of term loan	23(A)(i)	-	382,990,399
In Taka					
a.	Credit facilities available:	Following credit facilities were available for the Company:			
		Overdraft with City Bank : Limit Tk 100 million			
24.	Trade credit from bank	Overdraft with HSBC : Limit Tk 100 million			
		Loan against financing of purchases with City Bank : Limit Tk 2,800 million			
		Loan against financing of purchases with HSBC : Limit Tk 520 million			
		Usance payable at sight / Usance acceptance under import LC (UPAS)	24(A)	2,095,748,455	2,882,342,434
In Taka					
A.	Usance payable at sight / Usance acceptance under import LC (UPAS)	Usance payable at sight / Usance acceptance under import LC (UPAS)	24(A)	2,095,748,455	2,882,342,434
		Usance payable at sight / Usance acceptance under import LC (UPAS)	24(A)	2,095,748,455	2,882,342,434
In Taka					
The Hongkong and Shanghai Banking Corporation Ltd. (HSBC)	City Bank PLC	220,604,835	-	2,095,748,455	2,882,342,434
		2,661,737,599	-	2,095,748,455	2,882,342,434





25. Trade and other payables  
See accounting policy in Note 35(F)

A.	Trade payables due to related party	In Taka		
	25(A)	6,952,161,628	6,776,487,469	2022
	25(B)	181,928,738	154,066,476	2023
	25(C)	92,991,709	195,139,373	2022
	25(D)	53,833,447	275,706,721	2023
	25(E)	1,577,127	1,577,127	2022
	Workers' profit participation fund	7,282,492,649	7,402,977,166	2023
B.	Accrued expenses	In Taka		
	Adani Wilmar Limited	3,852,640	-	2022
	Wilmar Trading Pte. Ltd.	1,209,379,303	2,122,460,810	2023
	Wilmar International Limited	-	2,744,905	2022
	Bangladesh Edible Oil Limited	5,738,929,685	4,651,281,754	2023
		6,952,161,628	6,776,487,469	2022
C.	Other trade payables	In Taka		
	Payable for supply of crude oils and other materials	92,991,709	195,139,373	2022
		92,991,709	195,139,373	2023
D.	Other payables	In Taka		
	Retention from suppliers	383,834	11,811,584	2022
	Advance received against sales	38,629,149	250,388,655	2023
	Security deposits from customer	10,000,000	10,000,000	2022
	VAT payable	4,021,476	3,374,591	2023
	Withholding tax	798,988	131,891	2022
		53,833,447	275,706,721	2023



Notes to the financial statements (continued)

25. Trade and other payables (continued)  
E. Workers' profit participation fund

In Taka	2023	2022
Balance at 1 January	1,577,127	6,100,756
Provision made during the year	-	-
Paid during the year	1,577,127	6,100,756
	-	(4,523,629)
	1,577,127	1,577,127

26. Actual Production

The Company processed during the year 42,314 MT (2022: 32,738 MT) Crude Soyabean Oil and 31,801 MT (2022: 45,314 MT) Crude Palm Oil out of its purchased crude oil.

27. 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 104 (2022: 105).



**28. Financial instruments - Fair values and risk management**  
See *accounting policy in Note 35(F)*

### 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 trade and other receivables and trade and other payables, because their carrying amounts are a reasonable approximation of fair values.

31 December 2023												Fair value			
In Take												Fair value			
Financial assets measured at fair value												Fair value			
-												-			
Financial assets not measured at fair value												-			
-												-			
Trade and other receivables												-			
Cash and cash equivalents												-			
-												-			
Financial liabilities measured at fair value												-			
-												-			
Financial liabilities not measured at fair value												-			
-												-			
Loans and borrowings												-			
Trade and other payables												-			
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## 29. Financial risk management

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

- A. Credit risk
- B. Liquidity risk
- C. Market risk

The Board of Directors have 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.

## A. 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.

## 1. 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:

In Taka	Note	2023	2022
Trade receivables	15(A)	6,397,572	209,932,257
Trade receivables due from related party	15(B)	3,722,787,748	4,159,635,416
Cash at bank	17	188,508,757	-
		3,917,694,077	4,369,567,673



## Notes to the financial statements (continued)

## 29. Financial risk management (continued)

## A. Credit risk (continued)

## Ageing of trade receivables

In Taka

	2023	2022
Trade receivables	6,397,572	209,932,257
Trade receivables due from related party	3,722,787,748	4,159,635,416
	3,729,185,320	4,369,567,673

## a) The ageing of trade receivables at 31 December was:

Involved 0-30 days	4,963,400	207,457,903
Involved 31-60 days	1,275,356	2,474,354
Involved 61-90 days	-	-
Involved 91-120 days	158,817	-
Involved 121-365 days	-	-
Involved over 365 days	-	-
	6,397,572	209,932,257

## b) The ageing of trade receivables due from related party at 31 December was:

Involved 0-30 days	384,445,643	359,012,413
Involved 31-60 days	458,901,800	553,285,581
Involved 61-90 days	-	326,701,098
Involved 91-120 days	-	-
Involved 121-365 days	779,409,060	820,605,069
Involved over 365 days	2,100,031,255	2,100,031,255
	3,722,787,748	4,159,635,416

This ageing is based on the company's credit terms to different customers.



Notes to the financial statements (continued)

29. Financial risk management (continued)

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to 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 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 lines of credit with scheduled commercial banks to ensure payment of obligations in the event that 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 extremely stressed conditions, the Company may get support from the parent Company in the form of shareholders' loan.

Exposure to liquidity risk

The followings are the contractual maturities of financial liabilities :

			Contractual cash flows					
31 December 2023	Note	Carrying amount	Expected cash flow	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Bank overdraft		86,598,002	(86,598,002)	(86,598,002)	-	-	-	-
Loans and borrowings	23(C)	2,823,514	(2,823,514)	(81,937)	(81,617)	(112,179)	(1,987,454)	(560,327)
Lease liabilities	23	168,112,912	(168,112,912)	(168,112,912)	-	-	-	-
Other		170,936,426	(170,936,426)	(168,194,849)	(81,617)	(112,179)	(1,987,454)	(560,327)
Trade and other payables	25	7,282,492,649	(7,282,492,649)	(7,282,492,649)	-	-	-	-
		7,453,429,075	(7,453,429,075)	(7,450,687,498)	(81,617)	(112,179)	(1,987,454)	(560,327)
Derivative financial liabilities								
		-	-	-	-	-	-	-
31 December 2022								
In Taka	Note	Carrying amount	Expected cash flow	Contractual cash flows				
				6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Bank overdraft	17	-	-	-	-	-	-	-
Loans and borrowings								
Lease liabilities	23(C)	3,007,439	(3,007,439)	(161,612)	(76,679)	387,380	(1,572,748)	(1,583,779)
Other	23	3,442,272,384	(3,442,272,384)	(3,442,272,384)	-	-	-	-
		3,445,279,823	(3,445,279,823)	(3,442,433,996)	(76,679)	387,380	(1,572,748)	(1,583,779)
Trade and other payables	25	7,402,977,166	(7,402,977,166)	(7,402,977,166)	-	-	-	-
		10,848,256,989	(10,848,256,989)	(10,845,411,162)	(76,679)	387,380	(1,572,748)	(1,583,779)
Derivative financial liabilities								
		-	-	-	-	-	-	-



29. Financial risk management (continued)

C. Market risk

Market risk is the risk that any change 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.

1. Currency risk

The Company is exposed to currency risk on certain revenues and import purchases. Majority of the Company's foreign currency transactions are denominated in USD and relates to procurement of crude soyabean oil, crude palm oil, machinaries and spare part items from abroad.

Exposure to currency risk

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

In USD		
2023	2022	
Foreign currency denominated assets	-	-
Trade receivables due from related party	-	-
Foreign currency denominated liabilities	11,029,381	20,835,350
Trade payables due to related parties	11,029,381	20,835,350

The following significant exchange rates are applied at 31 December:

In Taka		
2023	2022	
Average rate		
Year-end spot rate		
USD 1	107.68	93.43
	110.00	102.00

II. 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 1.5% 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	Strengthening	Weakening

31 December 2023	31 December 2022	
USD (1.5% movement)	USD (1% movement)	
18,198,479	21,252,057	
(18,198,479)	(21,252,057)	
18,198,479	21,252,057	
(18,198,479)	(21,252,057)	

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.

As at 31 December 2023, the interest rate profile of the Company's interest bearing financial instruments was:

In Taka		
2023	2022	
Fixed rate instruments		
Financial assets	184,704,418	18,900,603
Financial liabilities	2,263,861,367	2,882,342,434
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-



Notes to the financial statements (continued)

30. Related party transactions

A. Parent and ultimate controlling party

Bangladesh Edible Oil Limited has 99.975% shareholding of the Company and remaining 0.025% shareholding goes to Adani Wilmar Ltd. The ultimate controlling party of the Company is Adani Wilmar Limited.

B. Key management personnel compensation (included in operating expenses)

No such compensation is made to the key management personnel during the year.

C. Other related party transactions

Name of related party	Country	Nature of relationship	Nature of transaction	Transaction values for the year			Balance outstanding as at 31	
				ended 31 December 2023	2022	December 2023	December 2022	
Wilmar Trading Pte. Limited	Singapore	Related company	Purchase of ROL/CDSO	(3,777,354,559)	(5,273,131,905)	(1,209,379,303)	(2,122,460,810)	
Wilmar Trading (Hong Kong) Limited	Hong Kong	Related company	Purchase of spare parts & capital machineries	(73,604,104)	(12,656,473)	-	-	
Adani Wilmar Limited	India	Parent Company	Purchase of ROL/CDSO	(583,641,660)	460,000	(3,852,640)	(2,744,905)	
Wilmar International Limited	Singapore	Related company	SAP Maintenance	-	(2,744,905)	-	-	
Bangladesh Edible Oil Limited	Bangladesh	Parent Company	Purchase of Institutional Products	(3,627,466,867)	(1,167,532,732)	(5,738,929,685)	(4,651,281,754)	
			Purchase of Consumer Products	-	(91,087,550)	-	-	
			Sale of Consumer Products	4,809,559,597	4,467,052,058	-	-	
			Sale of Institutional Products	862,746,215	718,105,121	-	-	
			Sale of By Products	60,648,760	26,721,400	-	-	

The Company purchases raw materials from the ultimate holding Company. The purchases are on the same terms and conditions as those entered into with other suppliers and payable under normal payment terms.



31.	Capital expenditure commitment	
32.	Contingent liabilities	

There was no capital expenditure commitment at 31 December 2023 (2022: Nil).

In Taka		
2023	2022	

The Company has the documentary credit/letter of credit with The City Bank Limited at the year.	(77,341,609)	(858,113,293)
The Company has the documentary credit/letter of credit with HSBC Bank Limited at the year.	-	(22,996,920)

<i>Disputed tax claim for 2015-2016 (Assessment year 2016-2017):</i> 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 & obtained stay order on recovery the arrear tax	(3,534,335)	(3,534,335)
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<i>Disputed tax claim for July 2016 - December 2016 (Assessment year 2017-2018):</i> 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 & obtained stay order on recovery the arrear tax	(56,471,358)	(56,471,358)
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<i>Disputed tax claim for 2017 (Assessment year 2018-2019):</i> 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 & obtained stay order on recovery the arrear tax	(169,150,441)	(169,150,441)
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<i>Disputed tax claim for 2018 (Assessment year 2019-2020):</i> 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.	(53,583,182)	(66,715,347)
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<i>Disputed tax claim for 2019 (Assessment year 2020-2021):</i> The Company management has filed appeal to the Commissioner of Appeal against the order passed by Deputy Commissioner of Tax.	(49,544,352)	-
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The company management has filed a appeal before the VAT Appellate Tribunal against the order passed by the Khulna VAT Commissionerate, Case # 3961/2022.	-	(5,177,354)
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The above contingent liabilities have not been recognised as the directors expect favourable outcome from appeals.

### 33. Subsequent events

As of the date of these financial statements, no material impact has been identified by management on the Company's financial position, results of operations and cash flows and as such the Management has decided to continuously monitor, evaluate and measure the impacts on operations by remaining alert to the changing situations during the 2023 financial year.







**34. Basis of measurement**

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

**35. Material accounting policies**

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

In addition, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in Note 35 in certain instances.

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 either changes in accounting policy or for better presentation purpose, where necessary.

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

- A. Property, plant and equipment**
- A. Property, plant and equipment
  - B. Assets under construction
  - C. Investment property
  - D. Intangible assets
  - E. Inventories
  - F. Financial instruments
  - G. Impairment
  - H. Employee benefits
  - I. Income tax
  - J. Provisions
  - K. Foreign currency
  - L. Revenue from customers
  - M. Finance costs
  - N. Finance income
  - O. Share capital
  - P. Leases
  - Q. Operating Profit
  - R. Reporting period
  - S. Statement of cash flows
  - T. Events after the reporting date

**1. 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.

Assets under construction represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use at period end and are stated at cost.

35. Material accounting policies (continued)

A. Property, plant and equipment (continued)

*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.

*iii. Depreciation*

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
- Jetty, pier and facilities	20 years
- Marine vessels	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.

B. Assets under construction

Assets under construction consist of acquisition costs of capital components of building and improvement, plant and machinery for refinery and packing plant expansion project, tools and equipment, tank and piping and related installation costs incurred until the date placed in service. In case of import of components, asset under construction is recognised when risks and rewards associated with such assets are transferred to the Company, i.e. at the time shipment is confirmed by the supplier.



## 35. Material accounting policies (continued)

## C. 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.

## D. Intangible assets

## i. Recognition and measurement

Intangible asset (ERP software) that is acquired by the Company have finite useful lives is 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.

## 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.

The estimated useful lives for the current year is as follows:

- Intangible assets (SAP and HRIS) 5 years

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.





## 35. Material accounting policies (continued)

## E. Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based 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.

## F. 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.

## 1. Recognition and initial measurement

Trade receivables 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. Material accounting policies (continued)

## F. Financial instruments (continued)

## ii. Classification and subsequent measurement (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.

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	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.
<b>Debt investments at FVOCI</b>	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.
<b>Equity investments at FVOCI</b>	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.



## 35. Material accounting policies (continued)

## F. Financial instruments (continued)

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

## (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.

## Financial liabilities

All financial liabilities are recognised initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

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.

## G. Impairment

## 1. Non-derivative financial assets

The Company recognises loss allowances for ECLs on:  
- financial assets measured at amortised cost;

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.





## 35. Material accounting policies (continued)

## G. Impairment (continued)

## 1. Non-derivative financial assets (continued)

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

The carrying amounts of the Company's non-financial assets, other than biological assets, inventories, and deferred tax assets, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit (CGU) exceeds its estimated recoverable amount. For this purpose the entity is considered as single cash generating unit.

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 or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



## 35. Material accounting policies (continued)

## H. Employee benefits

The Company maintains both non-funded contribution plan (provident fund and workers' profit participation fund) and defined benefit plan (unfunded gratuity fund) 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.

## ii. Defined benefit plan (unfunded gratuity fund)

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 after charging such expense as WPPF in accordance with Bangladesh Labour Act, 2006.

## I. Income tax

Income tax expenses comprise current and deferred tax. It is recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

## i. Current tax

Current tax is expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous year. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at reporting date.





## 35. Material accounting policies (continued)

## I. Income tax (continued)

## 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 effects 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 good will.

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 of the company. 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 benefits will be realised; such deductions 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 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.

## J.

## 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.

## K.

## Foreign currency

Transactions in foreign currencies are translated to the 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.





## 35. Material accounting policies (continued)

## K. Foreign currency (continued)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated 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.

## L. Revenue from 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 is considered as transfer 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.

## M. Finance costs

Finance costs comprise of interest expense on borrowings & exchange loss. Borrowing costs which are not directly attributable to the acquisition, construction or production of as qualified asset are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

## N. Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in statement of comprehensive income using the effective interest method.

## O. Share capital

Ordinary shares issued by the Company are classified as equity.



## 35. Material accounting policies (continued)

## P. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

## 1. 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 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. Material accounting policies (continued)

## P. Leases (continued)

## I. As a lessee (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 IT equipment. 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 2023.

## Q. Operating Profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group 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.

## R. Reporting period

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

## S. Statement of cash flows

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

## T. Events after the reporting date

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 note 33.





## 36. Going concern

The Company earned a net loss of BDT 377,708,830 during the year ended 31 December 2023, however, the accumulated loss of the Company was BDT 1,934,738,601 up to 31 December 2023 & the current liabilities have exceeded the total assets by BDT 920,867,233.

The financial statements have been prepared on a going concern basis (notwithstanding the above mentioned facts) which the directors believe to be appropriate for the following reasons:

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.

Notwithstanding the above mentioned fact, the Company has credit facilities for meeting capital and working capital requirements with The City Bank Limited and HSBC. The directors consider that this should enable the Company to continue in operational existence for at least 12 months from the date of approval of the financial statements by meeting its liabilities as they fall due for payment.

The directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the uncertainty may cast significant doubt on the company's ability to continue as a going business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

## 37. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2023 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).
- B. Interest rate benchmark reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).
- C. Other standards

- Reference to Conceptual Framework (Amendments to IFRS 3).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Definition of Accounting Estimates - Amendments to IAS 8

