# Bangladesh Edible Oil Limited

Auditor's report and financial statements as at and for the year ended 31 December 2021

KPMG

**Rahman Rahman Huq**
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# Independent auditor's report

**To the Shareholders of Bangladesh Edible Oil Limited**

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of Bangladesh Edible Oil Limited ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### *Basis for Opinion*

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

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





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## Independent auditor's report (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, we also report the following:

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

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

c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

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

Dhaka, 10 MAY 2022

DVC: 2205101000AS307680

Bangladesh Edible Oil Limited
Statement of financial position

| *In Taka* | *Note* | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | *18(A)* | **2,087,580,779** | 1,937,763,215 |
| Intangible assets | *19(A)* | **1,665,244** | 1,422,563 |
| Investment in subsidiary | *20* | **1,554,901,083** | 1,554,901,083 |
| Advances, deposits and prepayments | *16(A)* | **78,348,322** | 78,348,322 |
| **Non-current assets** | | **3,722,495,428** | 3,572,435,183 |
| Inventories | *14* | **4,313,923,022** | 1,646,088,130 |
| Trade and other receivables | *15* | **3,616,296,910** | 3,312,164,345 |
| Advances, deposits and prepayments | *16(A)* | **360,242,771** | 329,989,520 |
| Cash and cash equivalents | *17* | **648,366,167** | 251,683,714 |
| **Current assets** | | **8,938,828,870** | 5,539,925,709 |
| **Total assets** | | **12,661,324,298** | 9,112,360,892 |
| **Equity** | | | |
| Share capital | *21* | **400,000,000** | 400,000,000 |
| Reserves | | **49,846,709** | 49,846,709 |
| Share money deposit | | **1,100,379** | 1,100,379 |
| Retained earnings | | **2,454,813,137** | 2,485,724,250 |
| **Total equity** | | **2,905,760,225** | 2,936,671,338 |
| **Liabilities** | | | |
| Employee benefits | *22* | **246,538,580** | 215,909,834 |
| Loans and borrowings | *23* | **140,955,743** | 73,769,405 |
| Deferred tax liabilities | *13(C)* | **122,182,025** | 148,601,894 |
| **Non-current liabilities** | | **509,676,348** | 438,281,133 |
| Bank overdraft | *17* | **-** | 1,618,555 |
| Current tax liabilities | *13(D)* | **41,223,695** | 76,697,867 |
| Loans and borrowings | *23* | **4,294,075,474** | 2,046,373,104 |
| Trade and other payables | *24* | **4,910,588,556** | 3,612,718,895 |
| **Current liabilities** | | **9,245,887,725** | 5,737,408,421 |
| **Total liabilities** | | **9,755,564,073** | 6,175,689,554 |
| **Total equity and liabilities** | | **12,661,324,298** | 9,112,360,892 |

*The notes on pages 7 to 43 are an integral part of these financial statements.*

General Manager

Director

Director

As per our report of same date.

Auditor

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

Dhaka, 10 MAY 2022

DVC: 2205101000AS307680

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

For the year ended 31 December

| *In Taka* | *Note* | 2021 | 2020 |
|---|---|---|---|
| Revenue | *5* | **21,402,898,077** | 15,653,612,013 |
| Cost of sales | *6* | **(20,207,360,151)** | (14,028,001,896) |
| **Gross profit** | | **1,195,537,926** | 1,625,610,117 |
| Other income | *7* | **7,520,986** | 8,042,897 |
| Administrative expense | *8* | **(245,050,447)** | (212,510,165) |
| Selling and distribution expenses | *9* | **(777,457,737)** | (626,471,128) |
| **Operating profit** | | **180,550,728** | 794,671,721 |
| Finance income | *10* | **28,399,463** | 11,100,967 |
| Finance costs | *11* | **(137,819,014)** | (163,610,361) |
| **Net finance costs** | | **(109,419,551)** | (152,509,394) |
| **Profit before tax and contribution to WPPF** | | **71,131,177** | 642,162,327 |
| Contribution to Worker's Profit Participation Fund (WPPF) | *12* | **(3,556,559)** | (32,108,116) |
| **Profit before tax** | | **67,574,618** | 610,054,211 |
| Income tax expense | *13(A)* | **(98,485,731)** | (180,064,483) |
| **Profit/(loss) for the year** | | **(30,911,113)** | 429,989,728 |
| Other comprehensive income, net of tax | | **-** | - |
| **Total comprehensive income for the year** | | **(30,911,113)** | 429,989,728 |

*The notes on pages 7 to 43 are an integral part of these financial statements.*

General Manager

Director

Director

As per our report of same date.

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

Dhaka, 10 MAY 2022

DVC: 2205101000AS307680

Bangladesh Edible Oil Limited
Statement of changes in equity

For the year ended 31 December 2021

| | Attributable to owners of the Company | | | | |
|---|---|---|---|---|---|
| *In Taka* | **Share capital** | **Reserves** | **Share money deposit** | **Retained earnings** | **Total equity** |
| **Balance at 1 January 2020** | 400,000,000 | 49,846,709 | 1,100,379 | 2,055,734,522 | 2,506,681,610 |
| Profit for the year | - | - | - | 429,989,728 | 429,989,728 |
| Total Comprehensive income for the year | 400,000,000 | 49,846,709 | 1,100,379 | 2,485,724,250 | 2,936,671,338 |
| Transaction with owners of the company | | | | | |
| Contributions and distributions | - | - | - | - | - |
| Total transaction with owners of the company | - | - | - | - | - |
| **Balance at 31 December 2020** | 400,000,000 | 49,846,709 | 1,100,379 | 2,485,724,250 | 2,936,671,338 |
| | | | | | |
| **Balance at 1 January 2021** | **400,000,000** | **49,846,709** | **1,100,379** | **2,485,724,250** | **2,936,671,338** |
| Profit/(loss) for the year | - | - | - | **(30,911,113)** | **(30,911,113)** |
| **Total Comprehensive income for the year** | **400,000,000** | **49,846,709** | **1,100,379** | **2,454,813,137** | **2,905,760,225** |
| Transaction with owners of the company | | | | | |
| Contributions and distributions | - | - | - | - | - |
| **Total transaction with owners of the company** | - | - | - | - | - |
| **Balance at 31 December 2021** | **400,000,000** | **49,846,709** | **1,100,379** | **2,454,813,137** | **2,905,760,225** |

*The notes on pages 7 to 43 are an integral part of these financial statements.*

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Bangladesh Edible Oil Limited
Statement of cash flows

| For the year ended 31 December<br>*In Taka* | *Note* | 2021 | 2020 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/(loss) for the year | | **(30,911,113)** | 429,989,728 |
| Adjustments for: | | | |
| - Depreciation | *18(B)* | **167,635,187** | 174,627,134 |
| - Amortisation | *19(B)* | **427,218** | 355,640 |
| - Finance income | *10* | **(28,399,463)** | (11,100,967) |
| - Finance costs | *11* | **137,819,014** | 163,610,361 |
| - Income tax expense | | **98,485,731** | 180,064,483 |
| - Loss on sale of property, plant and equipment | *7* | **1,114,725** | 206,700 |
| | | **346,171,299** | 937,753,079 |
| Changes in: | | | |
| - Inventories | | **(2,667,834,892)** | 652,244,524 |
| - Advances, deposits and prepayments | | **(30,253,251)** | 78,142,315 |
| - Trade and other receivables | | **(303,940,131)** | (1,690,382,637) |
| - Trade and other payables | | **1,285,063,130** | 1,083,422,422 |
| - Provision for employee benefits | | **38,423,763** | 31,617,628 |
| **Cash generated from operating activities** | | **(1,332,370,082)** | 1,092,797,331 |
| Employee benefits paid | | **(7,795,017)** | (5,527,287) |
| Income tax paid | | **(66,698,037)** | (102,261,946) |
| Interest paid | | **(125,012,483)** | (160,691,371) |
| **Net cash generated from operating activities** | | **(1,531,875,619)** | 824,316,727 |
| **Cash flows from investing activities** | | | |
| Acquisition of non-current asset | | **(211,937,028)** | (676,315,209) |
| Proceeds from sale of property, plant and equipment | | **9,394,920** | - |
| Interest received | | **28,207,029** | 10,883,795 |
| **Net cash used in investing activities** | | **(174,335,079)** | (665,431,414) |
| **Cash flow from financing activities** | | | |
| Repayment of borrowings | | **2,169,863,401** | 7,723,900 |
| Repayment of loan from related parties | | **(31,856,250)** | (63,712,500) |
| Payment of lease liabilities | | **(33,495,445)** | (25,830,008) |
| **Net cash generated from financing activities** | | **2,104,511,706** | (81,818,608) |
| **Net increase in cash and cash equivalents** | | **398,301,008** | 77,066,705 |
| Cash and cash equivalents at 1 January** | | **250,065,159** | 172,998,454 |
| **Cash and cash equivalents at 31 December**** | *17* | **648,366,167** | 250,065,159 |

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

*The notes on pages 7 to 43 are an integral part of these financial statements.*

RAHMAN RAHMAN HUQ KPMG DHAKA

## 1. Reporting entity

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

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

## 2. Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). They were authorised for issue by the Company's board of directors on ...1 0 MAY 2022

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

## 3. Functional and presentation currency

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

## 4. Use of judgments and estimates

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

### A. Judgements

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

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

### B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

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



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## 5. Revenue

*See accounting policy in Note 35(B)*

| *In Taka* | *Note* | 2021 | 2020 |
|---|---|---|---|
| Revenue from customers | *5(A)* | **24,148,110,407** | 17,837,759,016 |
| Value Added Tax (VAT) | | **(2,745,212,330)** | (2,184,147,003) |
| | | **21,402,898,077** | 15,653,612,013 |

### A. Revenue from customers

| | | 2021 | 2020 |
|---|---|---|---|
| | *5(B)* | **23,648,502,526** | 17,676,241,088 |
| Export sales | *5(C)* | **499,607,881** | 161,517,928 |
| | | **24,148,110,407** | 17,837,759,016 |

### B. Local sales

| Types of products sold | 2021 Quantity MT | 2021 Sale value Taka | 2020 Quantity MT | 2020 Sale value Taka |
|---|---|---|---|---|
| Consumer packed: | | | | |
| Soyabean oil | **112,057** | **16,153,262,404** | 116,568 | 12,330,408,336 |
| Palm oil | **19,950** | **2,552,812,244** | 5,756 | 507,252,124 |
| Mustard oil | **333** | **81,079,146** | - | - |
| Rice bran oil | **1,900** | **311,507,233** | 2,162 | 273,580,346 |
| Sunflower oil | **550** | **111,617,428** | 619 | 127,071,340 |
| Aromatic rice | **6,612** | **625,330,028** | 3,444 | 332,516,910 |
| Fortune rice | **1,813** | **363,739,101** | 855 | 179,052,832 |
| Non-aromatic rice | **21,320** | **1,143,914,480** | 6,615 | 355,085,739 |
| Institutional packed: | | | | |
| Lucky (SRPL) | **471** | **61,941,765** | 268 | 27,882,927 |
| Margarine | **99** | **18,884,602** | 107 | 15,375,205 |
| Loose/Bulk: | | | | |
| RBD Olein | **24** | **2,764,000** | 242 | 21,665,040 |
| Super refined palm olein | **124** | **14,804,940** | 5,140 | 383,148,665 |
| Soyabean oil | **3,816** | **513,725,143** | 17,264 | 1,491,668,733 |
| Mustard oil | | | | |
| CDSBO | **11,905** | **1,388,989,601** | 21,027 | 1,592,967,729 |
| Rice bran oil | **315** | **15,231,239** | 55 | 1,000,011 |
| Unprocessed rice | **7** | **280,850** | - | - |
| By-products: | | | | |
| Acid oil | **3** | **125,860** | 305 | 10,411,118 |
| HOL | **639** | **75,473,480** | 269 | 20,802,750 |
| PFAD | **31** | **3,303,300** | 40 | 2,644,124 |
| Sediment ST186 | **711** | **3,700,175** | 633 | 1,165,944 |
| SFAD | **111** | **11,666,030** | 116 | 1,371,915 |
| Mustard cake | **11,123** | **177,551,192** | - | - |
| Broken rice | **600** | **16,798,285** | 33 | 1,169,300 |
| | **194,514** | **23,648,502,526** | 181,518 | 17,676,241,088 |

## 5. Revenue (continued)

### C. Export sales

| In Taka | 2021 Quantity MT | 2021 Sale value Taka | 2020 Quantity MT | 2020 Sale value Taka |
|---|---|---|---|---|
| Consumer packed: | | | | |
| Soyabean oil | **815** | **118,699,569** | 118 | 11,043,458 |
| Loose/Bulk: | | | | |
| Rice bran oil | **1,700** | **207,421,333** | - | - |
| Institutional packed: | | | | |
| Lucky (SRPL) | - | - | 166 | 11,383,300 |
| By-products: | | | | |
| SFAD | **301** | **41,174,414** | 483 | 51,844,044 |
| Acid Oil Export | **1,856** | **132,312,565** | 2,049 | 87,247,126 |
| | **4,672** | **499,607,881** | 2,816 | 161,517,928 |

## 6. Cost of sales

| *In Taka* | *Note* | 2021 | 2020 |
|---|---|---|---|
| **Raw materials** | | | |
| Opening stock of raw materials | | **452,369,039** | 780,566,604 |
| Purchase during the year | | | |
| Crude oil | *6(A)* | **13,537,037,097** | 10,080,079,477 |
| Rice bran | *6(A)* | **606,329,784** | - |
| Bulk rice | *6(A)* | **647,438,506** | 391,326,355 |
| | | **14,790,805,387** | 10,471,405,832 |
| Closing stock of raw materials | *14* | **(1,187,545,561)** | (452,369,039) |
| **Raw materials consumed** | | **14,055,628,865** | 10,799,603,397 |
| **Production overheads** | | | |
| Indirect materials consumed | | **737,283,289** | 802,979,215 |
| Overhead expenses | | **410,559,744** | 287,372,354 |
| Depreciation on property, plant and equipment | *18(B)* | **120,568,897** | 130,834,157 |
| Depreciation on right-of-use of assets | *18(B)* | **9,810,808** | 9,666,028 |
| Employee related costs | | **146,491,626** | 134,519,426 |
| | | **1,424,714,364** | 1,365,371,180 |
| Cost of goods manufactured | | **15,480,343,229** | 12,164,974,577 |
| Opening stock of finished goods | | **367,783,247** | 688,204,234 |
| | | **15,848,126,476** | 12,853,178,811 |
| Local purchase/ import during the year | *6(B)* | **5,186,873,565** | 1,542,606,332 |
| | | **21,035,000,041** | 14,395,785,143 |
| Closing stock of finished goods | *14* | **(827,639,890)** | (367,783,247) |
| **Total cost of sales** | | **20,207,360,151** | 14,028,001,896 |

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**6. Cost of sales (continued)**

**A. Raw materials consumed**

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

**MT - Metric Ton*

| | Crude soyabean oil | | Crude palm oil | | Total |
|---|---|---|---|---|---|
| | Quantity MT | Value Taka | Quantity MT | Value Taka | Value Taka |
| 2020: | | | | | |
| Opening balance | 10,330 | 679,451,502 | - | - | 679,451,502 |
| Purchase | 147,562 | 9,992,054,716 | 1,420 | 88,024,761 | 10,080,079,477 |
| | 157,892 | 10,671,506,218 | 1,420 | 88,024,761 | 10,759,530,979 |
| Closing stock | (4,119) | (304,409,503) | - | - | (304,409,503) |
| | 153,773 | 10,367,096,715 | 1,420 | 88,024,761 | 10,455,121,476 |

| | **Rice bran** | **Bulk rice** | **Total** |
|---|---|---|---|
| | **Taka** | **Taka** | **Taka** |
| **2021:** | | | |
| Opening balance | **-** | **147,959,536** | **147,959,536** |
| Purchase | **606,329,784** | **647,438,506** | **1,253,768,290** |
| | **606,329,784** | **795,398,042** | **1,401,727,826** |
| Closing stock | **(102,351,655)** | **(516,700,558)** | **(619,052,214)** |
| | **503,978,129** | **278,697,484** | **782,675,612** |

| | Rice bran | Bulk rice | Total |
|---|---|---|---|
| | Taka | Taka | Taka |
| **2020:** | | | |
| Opening balance | - | 101,115,102 | 101,115,102 |
| Purchase | - | 391,326,355 | 391,326,355 |
| | - | 492,441,457 | 492,441,457 |
| Closing stock | - | (147,959,536) | (147,959,536) |
| | - | 344,481,921 | 344,481,921 |

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6. **Cost of sales (continued)**

B. **Other materials consumed (In Taka)**

| | Rice Packed | Rice Bulk | Oil Packed | Oil Bulk | Total |
|---|---|---|---|---|---|
| **2021:** | | | | | |
| **Local** | **468,226,313** | **900,888,113** | **3,251,148,839** | **223,132,259** | **4,843,395,524** |
| **Import** | **317,703,409** | **-** | **25,774,632** | **-** | **343,478,041** |
| | **785,929,722** | **900,888,113** | **3,276,923,471** | **223,132,259** | **5,186,873,565** |

| | Rice Packed | Rice Bulk | Oil Packed | Oil Bulk | Total |
|---|---|---|---|---|---|
| **2020:** | | | | | |
| Local | 150,252,489 | 297,742,014 | 644,118,557 | 331,938,628 | 1,424,051,688 |
| Import | - | - | 118,554,644 | - | 118,554,644 |
| | 150,252,489 | 297,742,014 | 762,673,201 | 331,938,628 | 1,542,606,332 |

7. **Other income**

| *In Taka* | **2021** | **2020** |
|---|---|---|
| Gain/ (Loss) on sale of property, plant and equipment | **1,114,725** | 206,700 |
| Others | **6,406,261** | 7,836,197 |
| | **7,520,986** | 8,042,897 |

8. **Administrative expense**

| *In Taka* | ***Note*** | **2021** | **2020** |
|---|---|---|---|
| Amortisation | | **427,218** | 355,641 |
| Communication expenses | | **3,786,593** | 3,022,909 |
| Employee related costs | | **147,324,725** | 128,170,954 |
| Entertainment | | **12,392,092** | 11,413,717 |
| General expenses | | **1,779,549** | 2,350,612 |
| Government statutory charges | | **462,423** | 219,705 |
| Insurance | | **81,150** | 467,555 |
| Legal and professional fees | | **13,829,534** | 12,173,200 |
| Printing, stationery and postage | | **2,178,176** | 1,893,788 |
| Recruitment & advertisement | | **637,900** | 856,370 |
| Rental expenses | *8(A)* | **1,432,440** | 1,443,936 |
| Repairs and maintenance | | **2,169,766** | 868,076 |
| Software operating expense | | **17,411,406** | 12,457,877 |
| Staff welfare expenses | | **905,372** | 433,754 |
| Statutory, license and membership fees | | **876,377** | 668,661 |
| Travelling and conveyance | | **10,628,249** | 8,604,821 |
| Utilities | | **1,219,862** | 1,134,330 |
| Depreciation on property, plant and equipment | *18(B)* | **11,391,314** | 12,864,518 |
| Depreciation on right-of-use of assets | *18(B)* | **9,914,858** | 8,893,154 |
| Freight and transport | | **6,201,443** | 4,216,587 |
| | | **245,050,447** | 212,510,165 |

A. **Allocation of rental expenses**

| *In Taka* | ***Note*** | **2021** | **2020** |
|---|---|---|---|
| Rental expenses on account of short term leases | | | |
| Cost of sales- overhead expenses | *6* | **10,853,960** | 12,846,214 |
| Administrative expense | *8* | **1,432,440** | 1,443,936 |
| Selling and distribution expenses | *9* | **11,916,139** | 6,947,368 |
| | | **24,202,539** | 21,237,518 |



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### 9. Selling and distribution expenses

| *In Taka* | *Note* | 2021 | 2020 |
|---|---|---|---|
| Advertisement, sales promotion and TV commercial | | **104,314,500** | 80,593,602 |
| Communication expenses | | **2,239,075** | 2,392,865 |
| Depot operating expense | | **1,195,205** | 1,616,875 |
| Depreciation on property, plant and equipment | *18(B)* | **5,591,650** | 2,803,504 |
| Depreciation on right-of-use of assets | *18(B)* | **10,357,660** | 9,565,773 |
| Employee related costs | | **113,504,379** | 103,439,469 |
| Entertainment | | **1,889,284** | 1,255,338 |
| General expenses | | **988,946** | 1,054,900 |
| Government statutory charges | | **6,670,804** | 4,450,455 |
| Printing, stationery and postage | | **536,780** | 215,488 |
| Rental expenses | *8(A)* | **11,916,139** | 6,947,368 |
| Repairs and maintenance | | **8,413,934** | 6,604,286 |
| Travelling and conveyance | | **27,195,971** | 23,729,646 |
| Sub-contracting employees | | **184,635,945** | 155,052,340 |
| Freight and transport | | **298,003,215** | 226,749,219 |
| Others | | **4,250** | - |
| | | **777,457,737** | 626,471,128 |

### 10. Finance income

| *In Taka* | 2021 | 2020 |
|---|---|---|
| Interest on bank deposit | **28,399,463** | 11,100,967 |
| | **28,399,463** | 11,100,967 |

### 11. Finance costs

| *In Taka* | 2021 | 2020 |
|---|---|---|
| Interest on bank overdraft | **136,631** | 1,726,200 |
| Interest on loan against financing purchases | **117,321,004** | 58,361,194 |
| Interest on bank loan | **9,547,556** | 85,157,318 |
| Interest on related party loan | **438,845** | 2,764,506 |
| Net foreign exchange loss/ (gain) | **(1,493,733)** | (296,685) |
| Bank Charges | **1,224,412** | 1,839,570 |
| Interest on lease liabilities | **10,644,299** | 14,058,258 |
| | **137,819,014** | 163,610,361 |

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

| *In Taka* | *Note* | 2021 | 2020 |
|---|---|---|---|
| Contribution to WPPF | *12(A)* | **3,556,559** | 32,108,116 |

### A. Computation of contribution to WPPF

| | 2021 | 2020 |
|---|---|---|
| Profit before tax and contribution to WPPF | **71,131,177** | 642,162,327 |
| Applicable contribution rate | **5%** | 5% |
| Amount of contribution to WPPF | **3,556,559** | 32,108,116 |

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## 13. Income taxes

*See accounting policy in Note 35(E)*

### A. Amount recognised in profit or loss

| *In Taka* | *Note* | 2021 | 2020 |
|---|---|---|---|
| Current tax | | | |
| Current year | | **138,888,272** | 228,739,093 |
| Adjustment during the year | | **(13,982,672)** | (12,302,425) |
| Current tax expense | | **124,905,600** | 216,436,668 |
| Deferred tax expense/(income) | *13(C)* | **(26,419,869)** | (36,372,185) |
| | | **98,485,731** | 180,064,483 |

### B. Reconciliation of effective tax rate

| *In Taka* | *Note* | 2021 | 2021 | 2020 | 2020 |
|---|---|---|---|---|---|
| Profit before tax | | | **67,574,618** | | 610,054,211 |
| Applicable tax rate | | | **30.0%** | | 32.50% |
| Income tax using applicable tax rate | | | **20,272,385** | | 198,267,619 |
| **Factors affecting the tax charge during the year:** | | | | | |
| Excess of accounting depreciation over fiscal depreciation | | **17.32%** | **3,511,483** | 4.86% | 9,642,429 |
| Non deductible expenses | | **58.09%** | **11,777,020** | 4.24% | 8,410,678 |
| Provision for gratuity (net of payment) | | **45.33%** | **9,188,624** | 4.28% | 8,479,361 |
| Excess of fiscal loss/gain over accounting loss on property, plant and equipment | | **-1.76%** | **(356,186)** | -0.01% | (27,363) |
| Rebate for export sales | | **1.95%** | **396,266** | 0.58% | 1,147,836 |
| Adjustment under section 82C | | **0.00%** | **-** | 1.42% | 2,818,533 |
| Total income tax expenses (A) | | | **44,789,592** | | 228,739,093 |
| **Minimum tax** | | | | | |
| Current year (B) | | | **138,888,272** | | 83,579,395 |
| Total income tax expenses [Higher of (A & B)] | | | **138,888,272** | | 228,739,093 |
| Adjustment during the year | | | **(13,982,672)** | | (12,302,425) |
| Change in recognised temporary differences | | | **(26,419,869)** | | (36,372,185) |
| Total income tax expenses for current year | | | **98,485,731** | | 180,064,483 |
| **Effective Tax Rate (ETR)** | | | **146%** | | 30% |

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

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## 13. Income taxes (continued)

### C. Movement in deferred tax balances

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

| *In Taka* | At 1 January | Recognised in profit or loss | Balance at 31 December Net | Deferred tax assets | Deferred tax liabilities |
|---|---|---|---|---|---|
| **2020:** | | | | | |
| Property, plant and equipment | (257,063,357) | 28,092,319 | (228,971,038) | - | (273,393,305) |
| ROU assets and lease liabilities | (1,335,126) | 4,246,782 | 2,911,656 | 2,911,656 | |
| Employee benefits | 66,436,822 | 3,733,874 | 70,170,696 | 70,170,696 | - |
| Other provisions | 6,987,580 | 299,212 | 7,286,792 | 7,286,792 | - |
| | (184,974,081) | 36,372,187 | (148,601,894) | 80,369,144 | (273,393,305) |

### D. Net current tax liabilities/(assets)

| *In Taka* | *Note* | 2021 | 2020 |
|---|---|---|---|
| Provision for income tax | *13(D)(i)* | **1,836,269,989** | 1,758,205,256 |
| Advance tax deposits and claims with tax authority | *13(D)(ii)* | **(1,795,046,294)** | (1,681,507,389) |
| Balance as at 31 December | | **41,223,695** | 76,697,867 |

### *i. Provision for income tax*

*See accounting policy in Note 35(E)*

| *In Taka* | *Note* | 2021 | 2020 |
|---|---|---|---|
| Balance at 1 January | | **1,758,205,256** | 1,577,794,432 |
| Provision made during the year | *13(A)* | **138,888,272** | 228,739,093 |
| | | **1,897,093,528** | 1,806,533,525 |
| Adjustments made during the year | | **(60,823,539)** | (48,328,269) |
| Balance at 31 December | | **1,836,269,989** | 1,758,205,256 |

### *ii. Advance tax deposits and claims with tax authority*

| *In Taka* | 2021 | 2020 |
|---|---|---|
| Balance at 1 January | **1,681,507,389** | 1,606,777,546 |
| Paid during the year | **66,698,037** | 102,261,946 |
| | **1,748,205,426** | 1,709,039,492 |
| Adjustments made during the year | **46,840,868** | (27,532,103) |
| Balance at 31 December | **1,795,046,294** | 1,681,507,389 |

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## 14. Inventories

*See accounting policy in Note 35(F)*

| *In Taka* | **Note** | **2021** | **2020** |
|---|---|---|---|
| Raw materials | | **1,187,545,561** | 452,369,039 |
| Goods in transit | *14(A)* | **2,070,866,519** | 641,999,340 |
| Finished goods | | **827,639,890** | 367,783,247 |
| Packing materials, stores and spares and others | | **227,871,052** | 183,936,504 |
| | | **4,313,923,022** | 1,646,088,130 |

### A. Goods in transit

| *In Taka* | **2021** | **2020** |
|---|---|---|
| Raw materials in transit - trade | **2,047,535,058** | 611,002,304 |
| Other materials in transit - non trade | **23,331,461** | 30,997,036 |
| | **2,070,866,519** | 641,999,340 |

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

## 15. Trade and other receivables

*See accounting policy in Note 35(J)*

| *In Taka* | **Note** | **2021** | **2020** |
|---|---|---|---|
| Trade receivables | *15(A)* | **579,503,240** | 232,672,521 |
| Trade receivables due from related parties | *15(B)* | **3,018,793,820** | 3,065,088,855 |
| Other receivables | *15(C)* | **17,999,850** | 14,402,969 |
| | | **3,616,296,910** | 3,312,164,345 |

### A. Trade receivables

| *In Taka* | **2021** | **2020** |
|---|---|---|
| Bangladesh Police (various districts and branches) | **-** | 71,405,614 |
| World Food Programme | **23,774,996** | - |
| Nasir Enterprise | **10,980,161** | - |
| Fairchem Organics Limited | **12,465,420** | - |
| Adarsho Agro International | **6,445,058** | - |
| Ashraful Enterprise | **5,346,496** | - |
| Berger Paints Bangladesh Ltd. | **53,359,104** | - |
| Desh Logistic Co. Ltd. | **6,847,267** | - |
| Jonoprio Enterprise | **7,226,691** | - |
| KB Distribution | **7,623,331** | - |
| New Sahazalal Enterprise | **5,366,652** | - |
| Sama Enterprise | **5,856,576** | - |
| Seme Enterprise | **10,684,401** | - |
| Universal Enterprise | **6,969,695** | - |
| ACI Logistics Limited - Swapna | **14,808,264** | 10,658,356 |
| Mac Associates | **9,956,708** | 9,948,196 |
| Gemcon Food ( Meena Bazar) | **-** | 2,910,867 |
| Pran Foods Limited | **-** | 3,595,885 |
| Agora Limited | **-** | 5,880,352 |
| Salim Enterprise | **-** | 4,229,841 |
| Others | **391,792,420** | 124,043,410 |
| | **579,503,240** | 232,672,521 |

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## 15. Trade and other receivables (continued)

### B. Trade receivables due from related parties

| *In Taka* | 2021 | 2020 |
|---|---|---|
| Adani Bangladesh Ports Private Limited | - | 91,318,125 |
| Wilmar Nutrition (Jiangsu) Co. | - | 4,459,875 |
| Adani Wilmar Limited | 575,000 | - |
| Shun Shing Edible Oil Limited | 3,018,218,820 | 2,969,310,855 |
| | 3,018,793,820 | 3,065,088,855 |

### C. Other receivables

| *In Taka* | *Note* | 2021 | 2020 |
|---|---|---|---|
| Bank interest receivable | *15(C)(i)* | 2,858,356 | 2,665,922 |
| Employee provident fund | | - | 2,544,932 |
| Others - Claims with the insurer and others | | 15,141,494 | 9,192,115 |
| | | 17,999,850 | 14,402,969 |

### i) Bank interest receivable

| *In Taka* | 2021 | 2020 |
|---|---|---|
| State Bank of India | 529,173 | 472,713 |
| Eastern Bank Limited | 2,329,183 | 2,193,209 |
| | 2,858,356 | 2,665,922 |

## 16. Advances, deposits and prepayments

| *In Taka* | 2021 | 2020 |
|---|---|---|
| Advances | | |
| Expense against employees | 974,468 | 1,177,118 |
| Contractors and suppliers | 34,718,024 | 9,778,652 |
| | 35,692,492 | 10,955,770 |
| Deposits | | |
| Security deposit with - | | |
| Bangladesh Economic Zone Authority | 50,960,085 | 50,960,085 |
| Titas Gas Transmission & Distribution Co. Limited | 18,545,311 | 18,545,311 |
| Narayangonj Palli Bidyut Shamity | 3,028,000 | 3,028,000 |
| Bogura Palli Bidyut Shamity | 18,400 | 18,400 |
| Norsingdi Palli Bidyut Shamity | 75,880 | 75,880 |
| Telephone authority | 33,000 | 33,000 |
| DESA - Electricity line at Rupshi Warehouse | 21,000 | 21,000 |
| Others | 44,300 | 44,300 |
| State Bank of India - Fixed deposit receipts* | 1,823,000 | 1,823,000 |
| Eastern Bank Limited- Fixed deposit receipts** | 3,799,346 | 3,799,346 |
| Customs duty deposits | 5,514,884 | 1,408,450 |
| VAT deposits | 301,575,466 | 307,274,839 |
| | 385,438,672 | 387,031,611 |
| Prepayments | | |
| Insurance premium | 5,323,426 | 4,532,674 |
| Lease rent | - | 400,000 |
| BSTI fees and others | 12,136,503 | 5,417,787 |
| | 17,459,929 | 10,350,461 |
| | 438,591,093 | 408,337,842 |

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**16. Advances, deposits and prepayments (continued)**

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

**Fixed deposit receipts for the amount of Tk 3,799,346 is held by Eastern Bank Limited, Dhaka as security against bank guarantee issued in favour of Titas Gas Transmission & Distribution Company Limited in terms of security deposit for supply of gas as per demand letter ref. ZOBIA/Sonargaon/ 132/13 dated 20 February 2012.

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

| *In Taka* | **2021** | **2020** |
|---|---|---|
| Non-current | **78,348,322** | 78,348,322 |
| Current | **360,242,771** | 329,989,520 |
| | **438,591,093** | 408,337,842 |

**17. Cash and cash equivalents**

*See accounting policy in Note 35(J)*

| *In Taka* | ***Note*** | **2021** | **2020** |
|---|---|---|---|
| Cash in hand | | **240,040** | 591,291 |
| Cash at bank | *17(A)* | **648,126,127** | 251,092,423 |
| Cash and cash equivalents in the statement of financial position | | **648,366,167** | 251,683,714 |
| Bank overdraft repayable on demand and used for cash management purposes | | | |
| Standard Chartered Bank (SCB) | | - | (1,618,555) |
| Cash and cash equivalents in the statement of cash flows | | **648,366,167** | 250,065,159 |

**A. Cash at bank**

| *In Taka* | **2021** | **2020** |
|---|---|---|
| Balance on current account | | |
| Balance at Bank | **43,395,017** | 12,461,744 |
| Foreign currency - USD denominated | **74,746,564** | 16,692,220 |
| Balance with interest bearing account | **529,984,546** | 221,938,459 |
| | **648,126,127** | 251,092,423 |

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## 18. Property, plant and equipment

*See accounting policy in Note 35(G)*

### A. Reconciliation of carrying amount

| *In Taka* | Land and development | Building and improvement | Plant and machinery | Tools and equipment | Furniture and fixtures | Motor vehicles | Tank and piping | Under construction | Right-of-use Assets* | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | |
| Balance at 1 January 2020 | 13,116,050 | 477,599,432 | 1,528,591,078 | 171,955,312 | 30,951,398 | 11,046,200 | 167,092,656 | 38,685,200 | 185,194,541 | 2,624,231,867 |
| Additions | - | - | - | - | - | - | - | 676,315,209 | 18,595,159 | 694,910,368 |
| Transfer from asset under construction | 638,425,001 | - | 42,814,168 | 5,081,846 | 184,645 | - | - | (686,505,660) | - | - |
| | - | - | (9,420,942) | (257,887) | | - | - | - | (19,363,543) | (29,042,372) |
| Balance at 31 December 2020 | 651,541,051 | 477,599,432 | 1,561,984,304 | 176,779,271 | 31,136,043 | 11,046,200 | 167,092,656 | 28,494,749 | 184,426,157 | 3,290,099,863 |
| Balance at 1 January 2021 | **651,541,051** | **477,599,432** | **1,561,984,304** | **176,779,271** | **31,136,043** | **11,046,200** | **167,092,656** | **28,494,749** | **184,426,157** | **3,290,099,863** |
| Additions | - | - | - | - | - | - | - | **211,937,028** | **114,910,643** | **326,847,671** |
| Transfer from asset under construction | - | **51,818,916** | **79,086,477** | **26,907,262** | **18,698,075** | - | - | **(176,510,730)** | - | - |
| Disposals | - | - | **(15,918,390)** | **(715,400)** | - | - | - | - | **(70,319,859)** | **(86,953,649)** |
| Balance at 31 December 2021 | **651,541,051** | **529,418,348** | **1,625,152,391** | **202,971,133** | **49,834,118** | **11,046,200** | **167,092,656** | **63,921,047** | **229,016,941** | **3,529,993,885** |
| **Accumulated depreciation** | | | | | | | | | | |
| Balance at 1 January 2020 | - | 80,125,399 | 810,123,428 | 125,653,829 | 21,297,134 | 9,821,720 | 72,584,384 | - | 87,145,993 | 1,206,751,887 |
| Depreciation | - | 12,047,956 | 103,382,298 | 21,091,104 | 1,979,161 | 1,224,480 | 6,777,182 | - | 28,124,952 | 174,627,133 |
| Disposals | - | - | (9,420,942) | (257,887) | - | - | - | - | (19,363,543) | (29,042,372) |
| Balance at 31 December 2020 | - | 92,173,355 | 904,084,784 | 146,487,046 | 23,276,295 | 11,046,200 | 79,361,566 | - | 95,907,402 | 1,352,336,648 |
| Balance at 1 January 2021 | - | **92,173,355** | **904,084,784** | **146,487,046** | **23,276,295** | **11,046,200** | **79,361,566** | - | **95,907,402** | **1,352,336,648** |
| Depreciation | - | **14,299,647** | **98,306,229** | **16,121,349** | **2,743,530** | - | **6,081,105** | - | **30,083,327** | **167,635,187** |
| Disposals | - | - | **(15,918,390)** | **(664,249)** | - | - | - | - | **(60,976,090)** | **(77,558,729)** |
| Balance at 31 December 2021 | - | **106,473,002** | **986,472,623** | **161,944,146** | **26,019,825** | **11,046,200** | **85,442,671** | - | **65,014,640** | **1,442,413,106** |
| **Carrying amount** | | | | | | | | | | |
| At 1 January 2020 | 13,116,050 | 397,474,033 | 718,467,650 | 46,301,483 | 9,654,264 | 1,224,480 | 94,508,272 | 38,685,200 | 98,048,548 | 1,417,479,980 |
| At 31 December 2020 | 651,541,051 | 385,426,077 | 657,899,520 | 30,292,225 | 7,859,748 | - | 87,731,090 | 28,494,749 | 88,518,755 | 1,937,763,215 |
| **At 31 December 2021** | **651,541,051** | **422,945,346** | **638,679,768** | **41,026,987** | **23,814,293** | **-** | **81,649,985** | **63,921,047** | **164,002,301** | **2,087,580,779** |

* 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 .

### B. Allocation of depreciation

| *In Taka* | 2021 | 2020 |
|---|---|---|
| Depreciation on property, plant and equipment | | |
| Cost of goods sold | **120,568,897** | 130,834,157 |
| Administrative expense | **11,391,314** | 12,864,518 |
| Selling and distribution expenses | **5,591,650** | 2,803,504 |
| Depreciation on right-of-use of assets | | |
| Cost of goods sold | **9,810,808** | 9,666,028 |
| Administrative expense | **9,914,858** | 8,893,154 |
| Selling and distribution expenses | **10,357,660** | 9,565,773 |
| | **167,635,187** | 174,627,134 |

## 19. Intangible assets

*See accounting policy in Note 35(I)*

### A. Reconciliation of carrying amount

| *In Taka* | SAP and HRIS | Total |
|---|---|---|
| **Cost** | | |
| Balance at 1 January 2020 | 37,026,583 | 37,026,583 |
| Addition | 1,778,203 | 1,778,203 |
| **Balance at 31 December 2020** | 38,804,786 | 38,804,786 |
| Balance at 1 January 2021 | **38,804,786** | **38,804,786** |
| Addition | **669,899** | **669,899** |
| **Balance at 31 December 2021** | **39,474,685** | **39,474,685** |
| **Accumulated amortisation** | | |
| Balance at 1 January 2020 | 37,026,583 | 37,026,583 |
| Amortisation | 355,640 | 355,640 |
| Impairment loss | - | - |
| **Balance at 31 December 2020** | 37,382,223 | 37,382,223 |
| Balance at 1 January 2021 | **37,382,223** | **37,382,223** |
| Amortisation | **427,218** | **427,218** |
| Impairment loss | **-** | **-** |
| **Balance at 31 December 2021** | **37,809,441** | **37,809,441** |
| **Carrying amount** | | |
| At 1 January 2020 | - | - |
| At 31 December 2020 | 1,422,563 | 1,422,563 |
| **At 31 December 2021** | **1,665,244** | **1,665,244** |

### B. Allocation of amortisation

| | 2021 | 2020 |
|---|---|---|
| Administrative expense | **427,218** | 355,640 |
| | **427,218** | 355,640 |

## 20. Investment in subsidiary

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

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

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## 21. Share capital

| In Taka | % of holding | 2021 | 2020 |
|---|---|---|---|
| **Authorised:** | | | |
| 5,000,000 ordinary shares of Tk 100 each | | **500,000,000** | 500,000,000 |
| **Issued, subscribed and paid up:** | | | |
| 4,000,000 ordinary shares of Tk 100 each | | **400,000,000** | 400,000,000 |

| Name of the shareholders | Percentage of holding | Number of shares | Face value Taka | Total Face value |
|---|---|---|---|---|
| Leverian Holdings Pte Ltd. | **99.999950%** | **3,999,998** | **100** | **399,999,800** |
| Mr. Tinniyan Kalyansundaram Kanan | **0.000025%** | **1** | **100** | **100** |
| Mr. Kamlesh Kumar | **0.000025%** | **1** | **100** | **100** |
| | **100%** | **4,000,000** | | **400,000,000** |

## 22. Employee benefits

*See accounting policy in Note 35(C)*

| *In Taka* | 2021 | 2020 |
|---|---|---|
| Balance at 1 January | **215,909,834** | 189,819,493 |
| Provision made during the year | **38,423,763** | 31,617,628 |
| | **254,333,597** | 221,437,121 |
| Paid during the year | **(7,795,017)** | (5,527,287) |
| **Balance at 31 December** | **246,538,580** | 215,909,834 |

## 23. Loans and borrowings

| *In Taka* | *Note* | 2021 | 2020 |
|---|---|---|---|
| Non-current liabilities | *23(A)* | **140,955,743** | 73,769,405 |
| Current liabilities | *23(B)* | **4,294,075,474** | 2,046,373,104 |
| | | **4,435,031,217** | 2,120,142,509 |

### A. Non-current liabilities

| *In Taka* | 2021 | 2020 |
|---|---|---|
| Lease liabilities | 140,955,743 | 73,769,405 |
| | **140,955,743** | 73,769,405 |

### B. Current liabilities

| *In Taka* | *Note* | 2021 | 2020 |
|---|---|---|---|
| Loan from related parties | *23(B)(i)* | - | 31,856,250 |
| UPAS/Usance Acceptance Under Import LC | *23(B)(ii)* | **4,266,778,582** | 1,522,783,134 |
| Loan against trust receipts (LATR) | *23(B)(iii)* | - | 468,025,428 |
| Lease liabilities | | **27,296,892** | 23,708,292 |
| | | **4,294,075,474** | 2,046,373,104 |

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## 23. Loans and borrowings (continued)

### i) Loan from related parties

| In Taka | 2021 | 2020 |
|---|---|---|
| WII Pte. Limited | - | 31,856,250 |
| | - | 31,856,250 |

The Company obtained long term loan from WII Pte. Limited, Singapore bearing memo no. 03.231.164.00.00.221.2014.21/8 dated 4 March 2014. It shall repay this loan in 12 equal instalments of USD 375,000. Instalments to be paid on 31 July and 31 January of each year. The first of such instalments commenced on 31 July 2015 and in 2021 the company has finally settled the amount with WII Pte. Limited

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

| In Taka | 2021 | 2020 |
|---|---|---|
| Hongkong and Shanghai Banking Corporation Ltd. (HSBC) | **2,479,920,720** | 951,342,723 |
| Standard Chartered Bank (SCB) | **650,746,434** | - |
| Eastern Bank Limited (EBL) | **1,136,111,428** | 571,440,411 |
| | **4,266,778,582** | 1,522,783,134 |

### iii) Loan against trust receipts (LATR)

| In Taka | 2021 | 2020 |
|---|---|---|
| Eastern Bank Limited (EBL) | - | 429,866,428 |
| Hongkong and Shanghai Banking Corporation Ltd. (HSBC) | - | 38,159,000 |
| | - | 468,025,428 |

### a. Credit facilities available:

Following credit facilities were available for the Company:

Overdraft with HSBC : Limit Tk 100 million
Overdraft with EBL : Limit Tk 10.0 million
Overdraft with SCB : Limit Tk 60.0 million
Loan against financing of purchases with HSBC: Limit Tk 2,420 million
Loan against financing of purchases with EBL: Limit Tk 1,508 million
Loan against financing of purchases with SCB: Limit Tk 1,880 million

### b. Securities against bank facilities:

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

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## 24. Trade and other payables

*See accounting policy in Note 35(J)*

| *In Taka* | *Note* | 2021 | 2020 |
|---|---|---|---|
| Trade payables due to related parties | *24(A)* | **2,991,867,715** | 2,152,380,694 |
| Accrued expense | *24(B)* | **585,579,328** | 548,468,249 |
| Other trade payables | *24(C)* | **962,802,672** | 740,377,607 |
| Other payables | *24(D)* | **360,812,591** | 136,625,348 |
| Workers' profit participation fund | *24(E)* | **9,526,250** | 34,866,997 |
| | | **4,910,588,556** | 3,612,718,895 |

### A. Trade payables due to related parties

| *In Taka* | 2021 | 2020 |
|---|---|---|
| Adani Wilmar Limited | **6,480,318** | 1,199,652 |
| Shun Shing Edible Oil Limited | **2,919,440,324** | 1,041,791,955 |
| Wilmar International Ltd. Singapore | **22,807,190** | 12,399,162 |
| Wilmar Riceland Trading Pte. Ltd. | **43,139,883** | - |
| Wilmar Trading Pte. Ltd. Singapore | **-** | 1,096,989,925 |
| | **2,991,867,715** | 2,152,380,694 |

### B. Accrued expense

| *In Taka* | 2021 | 2020 |
|---|---|---|
| Accrued interest | **23,661,747** | 10,855,216 |
| Audit fee | **2,719,750** | 2,685,250 |
| Sub-contracting employees | **19,111,646** | 11,015,069 |
| Clearing and forwarding | **547,518** | 462,337 |
| Construction contractors | **1,681,944** | 462,714 |
| Creditors for Packaging material | **12,189,896** | 22,818,005 |
| Creditors for store supplies and import purchase | **32,634,639** | 42,271,603 |
| Gas and electricity | **5,578,574** | 7,961,689 |
| Professional fees and expenses | **4,989,733** | 6,296,618 |
| Provision - others | **878,394** | 4,293,099 |
| Provision for annual leave encashment | **19,806,811** | 18,127,801 |
| Rentals for office and warehouse | **13,715,739** | 8,420,696 |
| Repairs and maintenance | **2,899,090** | 1,709,587 |
| Employee related costs | **150,000** | 6,386,353 |
| Sales promotion and advertising | **360,649,749** | 368,024,299 |
| Sundry creditors | **7,124,059** | 9,939,633 |
| Telephone | **253,681** | 147,331 |
| Toll processing charges | **19,235,072** | 2,956,210 |
| Transport | **57,751,286** | 23,634,739 |
| | **585,579,328** | 548,468,249 |

### C. Other trade payables

| *In Taka* | 2021 | 2020 |
|---|---|---|
| Payable for supply of crude oils and other materials (local) | **962,802,672** | 740,377,607 |
| | **962,802,672** | 740,377,607 |

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**24. Trade and other payables (continued)**

**D. Other payables**

| *In Taka* | **2021** | **2020** |
|---|---|---|
| Advance received against sales | **115,689,218** | 117,007,396 |
| Withholding tax | **65,349,927** | 1,297,963 |
| VAT payable | **1,801,252** | 1,769,989 |
| Retention from supplier | **2,072,194** | 800,000 |
| Security deposit from customers | **175,900,000** | 15,750,000 |
| | **360,812,591** | 136,625,348 |

**E. Worker's profit participation fund**

| *In Taka* | **2021** | **2020** |
|---|---|---|
| Balance at 1 January | **34,866,997** | 27,588,813 |
| Provision made during the year | **3,556,559** | 32,108,116 |
| | **38,423,556** | 59,696,929 |
| Paid during the year | **(28,897,306)** | (24,829,932) |
| **Balance at 31 December** | **9,526,250** | 34,866,997 |

**25. Production capacity**

The Company produced during the year 129,774 MT (2020: 153,773 MT) Crude Soyabean Oil and 7,173 MT (2020: 1,420 MT) Crude Palm Oil out of its purchased crude oil.

**26. Number of employees**

The number of employees engaged during or part of the year who received a total remuneration of Tk 36,000 or above was 308 (2020: 331).

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27. **Financial instruments - Fair values and risk management**

A. **Accounting classifications and fair values**

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

| | | Carrying amount | | | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *In Taka* | **Note** | **Fair value hedging instruments** | **Mandatorily at fair value** | **FVOCI-debt instruments** | **FVOCI-equity instruments** | **Financial assets at amortised cost** | **Other financial liabilities** | **Total** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | | - | - | - | - | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - | - | - | - | - |
| **Financial assets not measured at fair value** | | | | | | | | | | | | |
| Trade and other receivables | 15 | - | - | - | - | 3,616,296,910 | - | 3,616,296,910 | - | - | - | - |
| Cash and cash equivalents | 17(A) | - | - | - | - | 648,126,127 | - | 648,126,127 | - | - | - | - |
| | | - | - | - | - | 4,264,423,037 | - | 4,264,423,037 | - | - | - | - |
| **Financial liabilities measured at fair value** | | - | - | - | - | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - | - | - | - | - |
| **Financial liabilities not measured at fair value** | | | | | | | | | | | | |
| Loans and borrowings | 23 | - | - | - | - | - | (4,435,031,217) | (4,435,031,217) | - | - | - | - |
| Trade and other payables | 24 | - | - | - | - | - | (4,910,588,556) | (4,910,588,556) | - | - | - | - |
| | | - | - | - | - | - | (9,345,619,773) | (9,345,619,773) | - | - | - | - |

| | | Carrying amount | | | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *In Taka* | | Fair value hedging instruments | Mandatorily at fair value | FVOCI-debt instruments | FVOCI-equity instruments | Financial assets at amortised cost | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| **31 December 2020** | | | | | | | | | | | | |
| **Financial assets measured at fair value** | ***Note*** | - | - | - | - | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - | - | - | - | - |
| **Financial assets not measured at fair value** | | | | | | | | | | | | |
| Trade and other receivables | 15 | - | - | - | - | 3,312,164,345 | - | 3,312,164,345 | - | - | - | - |
| Cash and cash equivalents | 17(A) | - | - | - | - | 251,092,423 | - | 251,092,423 | - | - | - | - |
| | | - | - | - | - | 3,563,256,768 | - | 3,563,256,768 | - | - | - | - |
| **Financial liabilities measured at fair value** | | - | - | - | - | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - | - | - | - | - |
| **Financial liabilities not measured at fair value** | | | | | | | | | | | | |
| Loans and borrowings | 23 | - | - | - | - | - | (2,120,142,509) | (2,120,142,509) | - | - | - | - |
| Trade and other payables | 24 | - | - | - | - | - | (3,612,718,895) | (3,612,718,895) | - | - | - | - |
| | | - | - | - | - | - | (5,732,861,404) | (5,732,861,404) | - | - | - | - |



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

**B. Financial risk management**

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

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

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

***i. Credit risk***

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

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

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

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

***i (a) Exposure to credit risk***

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

**Financial assets**

| *In Taka* | ***Note*** | **2021** | **2020** |
|---|---|---|---|
| Trade receivables | *15(A)* | **579,503,240** | 232,672,521 |
| Trade receivables due from related parties | *15(B)* | **3,018,793,820** | 3,065,088,855 |
| Other receivables | *15(C)* | **17,999,850** | 14,402,969 |
| Cash at bank | *17(A)* | **648,126,127** | 251,092,423 |
| | | **4,264,423,037** | 3,563,256,768 |

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

**B. Financial risk management (continued)**

***i (b)*** **Ageing of financial assets**

**Ageing of trade receivables**

| *In Taka* | | **2021** | **2020** |
|---|---|---|---|
| Trade receivables | *15(A)* | **579,503,240** | 232,672,521 |
| Trade receivables due from related parties | *15(B)* | **3,018,793,820** | 3,065,088,855 |
| | | **3,598,297,060** | 3,297,761,376 |

The ageing of trade receivables at 31 December was:

| | | |
|---|---|---|
| Invoiced 0-30 days | **570,820,858** | 232,340,968 |
| Invoiced 31-60 days | **3,871,530** | 251,302 |
| Invoiced 61-90 days | **337,690** | - |
| Invoiced 91-120 days | **337,162** | - |
| Invoiced 121-365 days | **3,757,775** | 80,251 |
| Invoiced over 365 days | **378,224** | - |
| | **579,503,240** | 232,672,521 |

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

| | | |
|---|---|---|
| Invoiced 0-30 days | **63,351,341** | 56,961,013 |
| Invoiced 31-60 days | **-** | 4,417,602 |
| Invoiced 61-90 days | **-** | 891,527,340 |
| Invoiced 91-120 days | **575,000** | 253,241,225 |
| Invoiced 121-365 days | **-** | 1,846,569,590 |
| Invoiced over 365 days | **2,954,867,479** | 12,372,085 |
| | **3,018,793,820** | 3,065,088,855 |

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

### ii. *Liquidity risk*

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

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

| **31 December 2021** *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* | **168,252,635** | **(168,252,635)** | **(13,248,891)** | **(14,047,787)** | **(28,917,872)** | **(72,103,934)** | **(39,934,151)** |
| Other | *23* | **4,266,778,582** | **(4,266,778,582)** | **(4,266,778,582)** | - | - | - | - |
| Trade and other payables | *24* | **4,325,009,228** | **(4,325,009,228)** | **(1,405,568,904)** | - | **(2,919,440,324)** | - | - |
| | | **8,760,040,445** | **(8,760,040,445)** | **(5,685,596,377)** | **(14,047,787)** | **(2,948,358,196)** | **(72,103,934)** | **(39,934,151)** |
| **Derivative financial liabilities** | | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - |

| **31 December 2020** *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* | 1,618,555 | (1,618,555) | (1,618,555) | - | - | - | - |
| Loans and borrowings | | | | | | | | |
| Lease liabilities | *23* | 97,477,697 | (97,477,697) | (12,669,578) | (11,038,713) | (18,995,263) | (29,563,405) | (25,210,738) |
| Other | *23* | 2,022,664,812 | (2,022,664,812) | (2,022,664,812) | - | - | - | - |
| Trade and other payables | *24* | 3,064,250,646 | (3,064,250,646) | (2,022,458,691) | - | (1,041,791,955) | - | - |
| | | 5,186,011,710 | (5,186,011,710) | (4,059,411,636) | (11,038,713) | (1,060,787,218) | (29,563,405) | (25,210,738) |
| Derivative financial liabilities | | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - |



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

### iii. *Market risk*

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

***a) Currency risk***

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

***Exposure to currency risk***

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

| *In USD* | **2021** | **2020** |
|---|---|---|
| **Foreign currency denominated assets** | | |
| Trade and other receivables | **6,698** | 1,127,463 |
| | **6,698** | 1,127,463 |
| **Foreign currency denominated liabilities** | | |
| Loans and borrowings | **49,700,391** | 18,300,640 |
| Trade and other payables | **843,650** | 160,080 |
| | **50,544,041** | 18,460,720 |

The following significant exchange rates are applied at 31 December:

| | Average rate | | Year-end spot rate | |
|---|---|---|---|---|
| *In Taka* | **2021** | 2020 | **2021** | 2020 |
| USD 1 | **85.20** | 84.95 | **85.85** | 84.95 |

***b) Foreign exchange rate sensitivity analysis***

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

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

| | Profit/(loss) | | Equity | |
|---|---|---|---|---|
| **Effect in Taka** | **Strengthening** | **Weakening** | **Strengthening** | **Weakening** |
| **31 December 2021** | | | | |
| USD (1% movement) | **43,392,059** | **(43,392,059)** | **43,392,059** | **(43,392,059)** |
| **31 December 2020** | | | | |
| USD (1% movement) | 15,682,382 | (15,682,382) | 15,682,382 | (15,682,382) |

***c) Interest rate risk***

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

As at 31 December 2021, the interest rate profile of the Company's interest bearing financial instruments was:

| *In Taka* | **Note** | **2021** | **2020** |
|---|---|---|---|
| **Fixed rate instruments** | | | |
| Financial assets | | | |
| Fixed deposit receipts | *16* | **5,622,346** | 5,622,346 |
| Financial liabilities | | - | - |
| **Variable rate instruments** | | | |
| Financial assets | | - | - |
| Financial liabilities | | - | - |

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



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## 28. Leases

*See accounting policy in Note 35(N)*

### A. Leases as lessee (IFRS 16)

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

During the year an amount of Taka 24,202,539 (2020: Taka 21,237,518) was recognised as an expense in profit or loss in respect of short term leases in note - 6, note - 8 & note - 9.

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

| *In Taka* | **2021** | **2020** |
|---|---|---|
| Balance at 1 January | **88,518,755** | 98,048,548 |
| Additions to right-of-use assets | **114,910,643** | 18,595,159 |
| Depreciation charge for the year | **(30,083,327)** | (28,124,952) |
| Derecognition of right-of-use assets | **(9,343,769)** | - |
| **Balance at 31 December** | **164,002,302** | 88,518,755 |

**ii. Amounts recognised in profit or loss**

| *In Taka* | **2021** | **2020** |
|---|---|---|
| Interest on lease liabilities | **10,644,299** | 14,058,258 |
| Expenses relating to short-term leases | **24,202,539** | 21,237,518 |
| | **34,846,838** | 35,295,776 |

**iii. Amounts recognised in statement of cash flows**

| *In Taka* | **2021** | **2020** |
|---|---|---|
| **Total cash outflow for leases** | **44,139,744** | 37,961,357 |

### B. Leases as lessor (IFRS 16)

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

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**29. Related parties**

**A. Parent and ultimate controlling party**

During 2021, Leverian Holdings Pte Ltd. has 99.99% shareholding of the Company. The ultimate controlling party of the Company is Adani Wilmar Limited.

**B. Key management personnel compensation**

| *In Taka* | 2021 | 2020 |
|---|---|---|
| Salary and allowances | **10,859,043** | 10,859,043 |
| | **10,859,043** | 10,278,345 |

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

**C. Other related party transactions**

| Name of related party | Country | Nature of relationship | Nature of Transactions | Transaction values for the year ended 31 December 2021 | 2020 | Balance outstanding at 31 December 2021 | 2020 |
|---|---|---|---|---|---|---|---|
| Adani Wilmar Limited | India | Parent company | Reimbursement of expense | **575,000** | - | **575,000** | - |
| | | | Purchase of aromatic rice | **(266,609,790)** | - | **(6,480,318)** | - |
| Adani Wilmar Pte. Ltd | Singapore | Parent Company | Purchase of aromatic rice | - | (87,147,144) | - | 1,199,652 |
| Wilmer International Limited | Singapore | Related company | Sap Maintenance | **(10,525,515)** | (10,139,460) | **(20,664,975)** | (10,139,460) |
| | | | Others | **(858)** | (80,957) | **(81,815)** | (80,957) |
| | | | Royalty paid/provision | **118,344** | - | **(2,060,400)** | (2,178,744) |
| Wilmar Trading Pte. Limited | Singapore | Related company | Purchase of CPO / ROL | **(19,378,916)** | (2,516,560,152) | - | 1,096,989,925 |
| | | | Purchase of Margarine | - | (97,709,114) | - | - |
| Adani Bangladesh Ports Private Limited | Bangladesh | Related company | Short term loan | - | (150,000,000) | - | (90,000,000) |
| | | | Interest on loan | **(2,096,667)** | (3,214,375) | - | (1,318,125) |
| | | | Others | - | 12,843,944 | - | - |
| WII Pte. Limited | Singapore | Related company | Long term loan payment | **(31,856,250)** | (63,712,500) | - | (31,856,250) |
| | | | Interest on loan payment | **(438,845)** | (2,764,506) | - | - |
| Wilmar Nutrition (Jiangsu) Co. | China | Related company | Export of By product | **25,553,402** | 26,069,031 | - | 4,459,875 |
| PGEO Edible Oils SDN BHD | Malaysia | Related company | Purchase of spare parts, capital machineries | **(2,743,085)** | 2,624,403 | - | - |
| Wilmar Consultancy Services Pte. Ltd. | Singapore | Related company | Purchase of consultancy services | - | 3,213,357 | - | - |
| Leverian holdings Pte. Ltd. | Singapore | Related company | Purchase of ROL/CDSO | **(966,817,442)** | - | - | - |
| Wilmar Trading (Hong Kong) Limited | Hong Kong | Related company | Purchase of spare parts & capital machineries | **(154,930,409)** | - | - | - |
| Wilmar Riceland Trading Pte. Ltd. | Singapore | Related company | Dummarage claim | **(558,025)** | - | - | |
| | | | Rice | **(182,180,334)** | - | **(43,139,883)** | - |

**30. Capital expenditure commitment**

There were no capital expenditure commitment at 31 December 2021.

**31. Contingent (liabilities)/Assets**

| *In Taka* | 2021 | 2020 |
|---|---|---|
| The Company has the amount as documentary credit/letter of credit with The Hongkong and Shanghai Banking Corporation Limited at the year. | **(2,763,791)** | (860,545,465) |
| The Company has the amount as documentary credit/letter of credit with Standard Chartered Bank at the year. | **(884,343,737)** | (731,965,474) |
| The Company has the amount as documentary credit/letter of credit with Eastern Bank Limited at the year. | **(101,184,956)** | - |
| *Disputed tax claim for 2005 (Assessment year 2006-2007):* The Company management had already filed appeal to the High Court against the Tribunal order against which the judgment of the High Court Division in respect of the appeal was issued on 19 February 2015 and a certified true copy of the order had obtained by the Company on 11 December 2015 and disposal of the same is pending with the Tribunal / DCT for revising the assessment order in the light of the said order of the High Court. | - | (55,888,101) |
| *Disputed tax claim for 2006 (Assessment year 2007-2008):* The Company management has already filed appeal to the High Court against the Tribunal order. Verdict from the High Court is yet to receive. | **(38,984,346)** | (38,984,346) |
| *Disputed tax claim for 2007 (Assessment year 2008-2009):* The Company management has already filed appeal to the High Court against the Tribunal order. Verdict from the High Court is yet to receive. | **(15,274,421)** | (15,274,421) |
| *Disputed tax claim for 2010 (Assessment year 2011-2012):* The Company management has filed leave to appeal before the Appellate Division of the Supreme Court of Bangladesh against the order passed by High Court. | **(220,968)** | (220,968) |
| *Disputed tax claim for 2011 (Assessment year 2012-2013):* The Company management has filed leave to appeal before the Appellate Division of the Supreme Court of Bangladesh against the order passed by High Court. | **(33,290,374)** | (33,290,374) |
| *Disputed tax claim for 2012 (Assessment year 2013-2014):* The Company management has filed leave to appeal before the Appellate Division of the Supreme Court of Bangladesh against the order passed by High Court. | **(29,735,559)** | (29,735,559) |
| Disputed tax claim for 2016 (Assessment year 2017-2018): The company management has filed to Tax Appellate Tribunal (TAT) against the order passed by Commissioner of Tax (Appeal) | **(63,627,101)** | - |
| Disputed tax claim for 2017 (Assessment year 2018-2019): The company management has filed 1st appeal (CTA) against the order passed by Deputy Commissioner of Taxes (DCT) | **(93,141,158)** | - |
| The Company management preferred appeal to the High Court Division of the Supreme Court against alleged VAT demand. The honourable High Court has issued stay order in favour of the Company. | **(9,144,816)** | (9,684,000) |
| The Company management had filed appeal to the High Court Division of the Supreme Court against alleged VAT demand (Writ Petition no : 56/2008). The honourable High Court has issued stay order in favour of the Company. | **(5,844,897)** | - |

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

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**32. Subsequent events**

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

**33. Implications of COVID-19 on business**

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

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

**35. Significant accounting policies**

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

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

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



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## 35. Significant accounting policies (continued)

### A. Foreign currency

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

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

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

### B. Revenue from contracts with customers

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

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

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

The Company applied IFRS 15 from 1 January 2018.

### C. Employee benefits

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

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**35. Significant accounting policies (continued)**

**C. Employee benefits (continued)**

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

The Company operates an unfunded gratuity scheme rovision 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.

**D. Finance income and finance costs**

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

**E. Income tax**

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

***i. Current tax***

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

***ii. Deferred tax***

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

a) temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that 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 goodwill.

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**35. Significant accounting policies (continued)**

**E. Income tax (continued)**

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

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

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

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

**F. Inventories**

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

**G. Property, plant and equipment**

***i. Recognition and measurement***

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

***ii. Subsequent expenditure***

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

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**35. Significant accounting policies (continued)**

**G. Property, plant and equipment (continued)**

***iii. Depreciation***

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

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

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

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

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

***iv. Gains or losses on disposal***

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

**H. Investment property**

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

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

**I. Intangible assets**

***i. Recognition and measurement***

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

***ii. Subsequent expenditure***

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

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**35. Significant accounting policies (continued)**

**I. Intangible assets (continued)**

***iii. Amortisation***

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

| | Year |
|---|---|
| SAP and HRIS software | 5 |

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

***iv. Derecognition***

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

**J. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

***i. Recognition and initial measurement***

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

***ii. Classification and subsequent measurement***

**Financial assets**

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

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

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

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

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

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**35. Significant accounting policies (continued)**

**J. Financial instruments (continued)**

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

***(a) Cash and cash equivalents***

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

***(b) Trade and other receivables***

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

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**35. Significant accounting policies (continued)**

**J. Financial instruments (continued)**

**Financial liability**

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

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

Financial liabilities include trade and other payables etc.

***(a) Trade and other payables***

The Company recognises a trade and intercompany payables when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

***(b) Loans and borrowings***

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

***iii. Derecognition***

**Financial assets**

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

**Financial liabilities**

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

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

*iv.* **Offsetting**

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

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**35. Significant accounting policies (continued)**

**K. Share Capital**

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

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

**L. Impairment**

***i. Non-derivative financial assets***

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;

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

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

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

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

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

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

***ii. Non-financial assets***

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

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

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

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the 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.

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**35. Significant accounting policies (continued)**

**M. Provisions**

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

**N. Leases**

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

***i. As a lessee***

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

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

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

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

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

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

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

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**35. Significant accounting policies (continued)**

**N. Leases (continued)**

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

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

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

**Short-term leases and leases of low-value assets**

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

***ii. As a lessor***

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

**O. Operating profit**

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

**P Reporting period**

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

**Q Statement of cash flows**

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

**R. Events after the reporting period**

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

**36. Going concern**

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

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**37. Standards issued but not yet effective**

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

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

**A** Onerous contracts - Cost of fulfilling a contract (Amendments to IAS 37).
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

**B** Interest rate benchmark reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

**C** Other standards
- COVID-19 Related Rent Concessions (Amendments to IFRS 16).
- Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

***38. Measurement of fair values***

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

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

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

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

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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