

**Hoda Vasi
Chowdhury & Co**

**TO
The Shareholders
KDS ACCESSORIES LIMITED
191-192, Baizid Bostami Road
Nasirabad I/A, Chattogram-4210
Bangladesh**

**Audited Financial Statements
of
KDS ACCESSORIES LIMITED
For the year ended 30 June 2022**

Hoda Vasi Chowdhury & Co

Chartered Accountants

INDEPENDENT AUDITORS' REPORT To the Shareholders of KDS ACCESSORIES LIMITED

Opinion

We have audited the accompanying financial statements of **KDS ACCESSORIES LIMITED** (the Company), which comprise the Statement of Financial Position as at 30 June 2022, 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, together with the notes numbering 01 to 45 annexed thereto.

In our opinion and to the best of our information and according to explanations given to us, the accompanying Financial Statements, prepared in accordance with International Financial Reporting Standards (IFRSs), give a true and fair view of the financial position of the company as at 30 June 2022 and of its financial performance and cash flows for the period from 1 July 2021 to 30 June 2022 and comply with the Companies Act 1994 (amendment in 2020), the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

Basis of opinion

We conducted our audit in accordance with International Standard on Auditing (ISAs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Our responsibilities under those standards are further described in "**Auditors responsibilities for the audit of the financial statements**" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) 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 and the IESBA Code.

We believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

SL.	Key Audit Matters	How our audit addressed the key audit matter
1.	Revenue (Refer to note 26) Revenue of TK. 3,199,681,329 is recognized in the income statement of KDS Accessories Limited for the year ended 30 June 2022. We identified revenue recognition as a key audit matter because revenue is one of the key performance indicator of the company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by	In light of the fact that the high degree of complexity we assessed the Company's processes and controls for recognizing revenue as part of our audit. Furthermore, in order to mitigate the inherent risk in this area, our audit approach included testing of the controls and the substantive audit procedure, including:- ➤ We evaluated the Company's accounting

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<p>management to meet specific targets or expectations.</p> <p>As described in the accounting policy 3.16 to the financial statements, the company recognizes revenue upon transfer of control as per IFRS 15 – Revenue from Contract with Customers.</p>	<p>policies pertaining to revenue recognition and assessed compliance with the policies in terms of IFRS 15 – Revenue from Contracts with Customers.</p> <ul style="list-style-type: none"> ➤ We identified and tested controls related to revenue recognition and our audit procedure focused on assessing the invoicing and measurement systems up to entries in the general ledger. Examining customer’s invoices and receipts of payment on a sample basis. ➤ We conducted substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents including sales invoices and challans. In addition, we confirmed certain customers’ receivable balances at the reporting date, selected on a sample basis by considering the amounts outstanding with those customers. ➤ Furthermore, we tested the sales transactions recognized shortly before and after the reporting date, including the sales returns recorded after that date, to examine whether sales transactions were recorded in the correct recording periods.
<p>2. <u>Inventories (Refer to note 9)</u></p> <p>Inventories represent about 18.63%, of the total assets of the Company; inventories are thus a material item to the financial statements. Please refer to note 09 to the financial statements.</p> <p>As described in the accounting policy note 3.07 to the financial statements, inventories are valued at the lower of the cost or net realizable values. As such, management is required to make judgments in determining whether inventories are being appropriately valued, and also need to make provision for aged inventories, if required.</p> <p>Due to the value and volume of inventories being held by the Company at the reporting date and complexities involved in the accounting and presentation thereof, inventories has been considered as a key audit matter.</p>	<ul style="list-style-type: none"> ➤ Tested the operating effectiveness of key controls over inventories; including observing the process of management’s year-end inventory count. ➤ Verified a sample of inventory items to ensure that costs have been appropriately recorded. ➤ Tested on a sample basis the net realizable value by comparing costs to recent selling prices and assessing the reasonableness of any, resulting in write down of inventory items. ➤ Assessed whether appropriate provision have been recognized for aged, damaged, slow-moving or obsolete inventories by reviewing the age of inventories held and evaluating management’s basis for determining the usability of inventories. ➤ Performed cut-off tests to determine that the purchase and sales of the inventories have

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		<p>been considered in correct accounting period.</p> <ul style="list-style-type: none"> ➤ Reviewed the historical accuracy of inventory provision and the level of write downs.
3.	<p>Property, Plant and Equipment (Refer to note 4)</p> <ul style="list-style-type: none"> ➤ The company has a large number of Property, Plant and Equipment items. In view of availability of latest machinery due to modern technology, the obsolescence & impairment may be noticed in existing machineries. ➤ Management has concluded that there is no impairment in respect of all assets. This conclusion required significant management judgment. Hence we considered this to be a key audit matter. 	<p>Our audit procedure in this area included, among others;</p> <ul style="list-style-type: none"> ➤ Assessing the consistency of methodologies used for depreciating the assets; ➤ Checking on a sample basis, the accuracy and relevance of the accounting of PPE by management; and ➤ For selected samples, performing physical observation to assess management's determination on whether the equipment is obsolete, and testing the assumptions used in estimating recoverable amount, such as estimated useful life and replacement cost. <p>Examine management's periodic review of Property, Plant and Equipment for determination of impairment and obsolescence.</p>
4.	<p>Measurement of Deferred Tax (Refer to note 19)</p> <p>The Company recognizes deferred taxes relating to property, plant and equipment, investment in associates and employee benefits (Gratuity), which are very complex in nature.</p> <p>As such accounting for deferred taxes involves management judgment in developing estimates of tax exposures and contingencies in order to assess the adequacy of tax provision. Hence, we considered this to be a key audit matter.</p>	<p>Our audit procedures in this area included, among others.</p> <ul style="list-style-type: none"> ➤ Assessing the design, implementation and operating effectiveness of key controls in respect of the company and the process of recognition of deferred taxes. ➤ Using our own tax specialists to evaluate the tax bases and company tax strategy. ➤ Assessing the accuracy and completeness of deferred tax, and ➤ Evaluating the adequacy of the financial statements' disclosures, including disclosures of assumptions, judgments and sensitivities. We involved tax specialists to assess key assumptions, control recognition and measurement of deferred tax liabilities (Assets).

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Reporting on other information

Other information consists of the information included in the Company's 30 June 2022 year ended Annual Report other than the financial statements and our audit report thereon. We obtained the Director's Report, Management Discussion and Analysis, Financial information, and Corporate Governance report prior to the date of our auditor's report, and we expect to obtain the remaining reports of the Annual Report after the date of our auditor's report. Management is responsible for the other information.

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

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

Based on the work we have performed we conclude that we have nothing to report in this regard

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

Management is responsible for the preparation and fair presentation of these financial statements of the Company in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 (amendment in 2020), the Securities and Exchange Rules, 1987 and other applicable laws and regulations 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.

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

(a) 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.

(b) 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.

(c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) 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.

(f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

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Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 (amendment in 2020) and the Securities and Exchange Rules, 1987, we also report the following:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books and;
- iii) the statement of financial position and statement of Profit or Loss and Other comprehensive income dealt with by the report are in agreement with the books of account and returns.
- iv) the expenditure incurred was for the purposes of the Company's business.

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Chattogram, 04 OCT 2022

**For and on behalf of
Hoda Vasi Chowdhury & Co
Chartered Accountants**

Showkat Hossain

**Showkat Hossain FCA
Senior Partner
Enrollment No: 0137**

DVC No: 2210040137AS452643

KDS ACCESSORIES LIMITED
STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note(s)	30 June 2022 Taka	30 June 2021 Taka
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,230,753,540	1,134,828,380
Intangible assets	5	94,880	381,561
Capital work-in-progress	6	25,146,785	137,973,878
Investment in SKYS Securities Limited	7	30,377,066	30,377,066
Other investment	8	4,880,832	4,614,503
		1,291,253,103	1,308,175,388
CURRENT ASSETS			
Inventories	9	866,281,364	697,376,716
Trade receivables	10	1,614,767,904	1,057,580,923
Other receivables	11	298,495	412,087
Advances, deposits and prepayments	12	88,234,598	66,483,490
Due from affiliated companies	13	514,520,973	394,075,968
Short term investment	14	2,300,000	5,050,918
Cash and cash equivalents	15	270,139,607	232,483,367
TOTAL ASSETS		4,647,796,044	3,761,638,857
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	16	711,823,610	711,823,610
Share premium	16.03	120,000,000	120,000,000
Revaluation reserve	16.04	214,391,703	214,391,703
Retained earnings	16.05	774,546,730	715,594,868
		1,820,762,043	1,761,810,181
NON-CURRENT LIABILITIES			
Long term borrowings	17.01	101,676,544	46,313,895
Defined benefit obligation- gratuity	18	119,456,593	103,342,964
Deferred tax liability	19	23,656,041	29,610,661
		244,789,178	179,267,520
CURRENT LIABILITIES			
Trade and other payables	20	2,359,435,822	1,260,020,069
Unclaimed Dividend	21	861,655	870,788
Current portion of long term borrowings	17.01	33,870,307	17,163,975
Current tax liability	22	39,094,407	40,205,635
Due to affiliated company	23	-	185,241
Short term bank loan	24	76,098,256	444,672,467
Provision for WPPF and Welfare Fund	25	72,884,376	57,442,981
TOTAL EQUITY AND LIABILITIES		4,647,796,044	3,761,638,857
Net Assets Value Per Share	34.03	25.58	24.75

These financial statements should be read in conjunction with the annexed notes 1 to 45
and were approved by the Board of Directors on 02.10.2022
and were signed on its behalf by:


Chairman


Managing Director


Company Secretary

Signed in terms of our separate report of even date annexed

Chattogram, 04 OCT 2022

For and on behalf of
Hoda Vasi Chowdhury & Co
Chartered Accountants


Showkat Hossain FCA

Senior Partner
Enrollment No : 0137

DVC : 22100 40137AS 452643

KDS ACCESSORIES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note(s)	30 June 2022 Taka	30 June 2021 Taka
Revenue	26	3,199,681,329	2,217,942,652
Cost of goods sold	27	(2,702,977,487)	(1,793,318,558)
Gross Profit		496,703,842	424,624,094
Operating expenses:			
Administrative expenses	28	(174,902,707)	(149,880,645)
Selling and distribution expenses	29	(77,917,805)	(60,942,673)
Operating Profit		243,883,330	213,800,776
Finance cost	30	(52,405,750)	(65,019,149)
Finance income	31	4,900,820	50,038,948
Profit before other income		196,378,400	198,820,575
Other income	32	2,132,245	2,530,350
Profit/(loss) for discontinuation from investment in associate under equity method	7.03(ii)	-	(15,482,411)
Profit before income tax and distribution of WPPF and Welfare Fund		198,510,645	185,868,514
Workers' Profit Participation and Welfare Fund	25	(9,925,532)	(9,293,426)
Profit before income tax		188,585,113	176,575,088
Provision for income tax:			
-Current tax	22	(28,814,331)	(30,735,459)
-Deferred tax	19	5,954,620	11,105,519
Profit after Income Tax		165,725,402	156,945,148
Other Comprehensive Income			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
Other Comprehensive Income - net of tax		-	-
Total Comprehensive Income		165,725,402	156,945,149
Earnings Per Share (Basic)	34.01	2.33	2.20

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These financial statements should be read in conjunction with the annexed notes 1 to 45
and were approved by the Board of Directors on 02.10.2022
and were signed on its behalf by:


Chairman


Managing Director


Company Secretary

Signed in terms of our separate report of even date annexed

Chattogram, 04 OCT 2022

Hoda Vasi Chowdhury & Co
Chartered Accountants


Showkat Hossain FCA
Senior Partner

Enrollment No : 0137

DVC : 2210040137AS452643

KDS ACCESSORIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

Amount in Taka

Particulars	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total Equity
Balance as on 01 July 2020	662,161,500	120,000,000	214,391,703	657,973,945	1,654,527,148
Bonus share for the year 2019-2020	49,662,110	-	-	(49,662,110)	-
Cash dividend for the year 2019-2020	-	-	-	(49,662,115)	(49,662,115)
Net Profit after tax for the year	-	-	-	156,945,148	156,945,148
Balance as at 30 June 2021	711,823,610	120,000,000	214,391,703	715,594,868	1,761,810,181
Balance as on 01 July 2021	711,823,610	120,000,000	214,391,703	715,594,868	1,761,810,181
Bonus share for the year 2020-2021	-	-	-	-	-
Cash dividend for the year 2020-2021	-	-	-	(106,773,541)	(106,773,541)
Net Profit after tax for the year	-	-	-	165,725,402	165,725,402
Balance as at 30 June 2022	711,823,610	120,000,000	214,391,703	774,546,730	1,820,762,042
Note(s)	16.00	16.03	16.04	16.05	

These financial statements should be read in conjunction with the annexed notes 1 to 45
and were approved by the Board of Directors on **02.10.2022**
and were signed on its behalf by:


Chairman


Managing Director


Company Secretary

KDS ACCESSORIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

Note(s)	30 June 2022 Taka	30 June 2021 Taka
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	45.01 2,781,700,082	2,100,606,240
Received from other sources	45.02 3,873,714	3,332,107
Paid to suppliers	45.03 (1,896,970,667)	(1,392,592,999)
Paid for operating expenses	45.04 (207,946,417)	(195,261,453)
Cash provided by operations	33.00 680,656,712	516,083,895
Interest paid (net)	45.05 (2,260,346)	(22,005,401)
Income tax paid	45.06 (39,734,841)	(25,447,048)
Net cash provided by/(used in) Operating activities	638,661,525	468,631,446
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	45.07 (87,113,736)	(154,890,121)
Proceed from sale of non-current assets	45.08 1,583,165	36,618
Increase in investments	45.09 2,484,589	5,795,186
Net cash provided by/(used in) Investing activities	(83,045,982)	(149,058,318)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	45.10 (106,782,674)	(49,327,007)
Receipt/(repayment) of long term borrowings	45.11 72,068,981	(10,514,538)
Receipt/(repayment) of short term borrowings	45.12 (368,574,211)	(97,439,514)
Short term loan receipt/(paid) from/to affiliated companies	45.13 (120,630,245)	(120,087,058)
Net cash provided by/(used in) Financing activities	(523,918,150)	(277,368,117)
D. Net increase/(decrease) of cash and cash equivalents (A+B+C)	31,697,394	42,205,011
E. Cash and cash equivalents at the beginning of the year	232,483,367	189,998,491
F. Effect of foreign exchange rate changes on cash and cash equivalents	45.14 5,958,846	279,865
G. Cash and cash equivalents at the end of the year (D+E+F)	270,139,607	232,483,367
Net operating cash flows per share	34.04 8.97	6.58

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These financial statements should be read in conjunction with the annexed notes 1 to 45
and were approved by the Board of Directors on **02.10.2022**
and were signed on its behalf by:


Chairman


Managing Director


Company Secretary

Signed in terms of our separate report of even date annexed

Chattogram, **04 OCT 2022**

For and on Behalf of
HODA VASI CHOWDHURY & CO
CHARTERED ACCOUNTANTS


Showkat Hossain FCA
Senior Partner
Enrollment No : 0137

DVC No : **2210040137ASA52643**

KDS ACCESSORIES LIMITED
Notes to the Financial Statements
As at and for the year ended 30 June 2022

1.00 REPORTING ENTITY

1.01 Formation and Legal Status

KDS Accessories Limited (formerly KDS Packaging Industries Ltd.) was incorporated on 21 April 1991 as a private limited company by shares (Registration no- C-H-C-862/154 of 1991) under Companies Act 1913 (since replaced and substituted by the Companies Act 1994 which was amended in 2020) with the Registrar of Joint Stock Companies & Firms. The company was converted from Private Limited Company to Public Limited Company through an Extraordinary General Meeting held on 17 April 2012 and was subsequently approved by RJSC on 26 November 2012. The Company commenced its commercial production on 01 July 1991. Its Head Office is located at 255, Nasirabad I/A, Chattogram and factory is located at 191-192 Baizid Bostami Road, Nasirabad I/A, Chattogram and the Company established its 2nd unit at Mirzapur, Gazipur at Dhaka in the year 2009. The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) as a publicly quoted company. Trading of the shares of the company started in two stock exchanges from 15 October 2015.

The name KDS Packaging Industries Ltd. was changed to KDS Accessories Limited pursuant to the Special Resolution in the Extraordinary General Meeting held on 22 April 2010. The change of name was certified by the Registrar of Joint Stock Companies and Firms on 11 May 2010 pursuant to the provision of section 11, sub-section (7) of the Companies Act 1994 (Act XVIII of 1994 which was amended in Act-XIV of 2020). The company refixed the face value of its shares from Tk. 100 to Tk. 10 each and enhanced its Authorized Share Capital from Tk. 200,000,000 to Tk. 2,000,000,000 with approval of the shareholders through an Extraordinary General Meeting held on 10 August 2010.

1.02 Nature of Business

The principal activities of the Company are producing different types of standard cartons, display cartons, woven labels, smart labels, offset, silk screen, web thermal printing, button, cold peel, hot peel, puff, glitter, hanger, image and sublimation transfers and marketing thereof.

1.03 Description of Investment in Associates

(i) Formation and Legal Status of SKYS Securities Limited

SKYS Securities Limited is a common directorship company having 23,405 no. of shares @ Tk. 1,000 per share ie. 46.69% holding in paid up capital. It was incorporated on 17 June 1997, vide the certificate CH-2675 of 1997 and commenced operation on 01 January 2006. Paid up capital at the reporting date stands at Tk. 150,132,000 (150,132 shares @ Tk. 1,000 each). From 29 October 2020 KDS Accessories Limited's share holding percentage is reduced to 15.59% (Refer to note 7.02).

(ii) Nature of Business

The principal activities of the company is stock broking as member of Chittagong Stock Exchange Limited (CSE) an allied service under Securities & Exchange Commission's Rules and Regulations.

2.00 BASIS OF FINANCIAL STATEMENT PREPARATION AND PRESENTATION

2.01 Statement of Compliance

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

2.02 Basis of Reporting

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

- a) A statement of Financial Position as at 30 June 2022;
- b) A statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022;
- c) A statement of Changes in Equity for the year ended 30 June 2022;
- d) A statement of Cash Flows for the year ended 30 June 2022; and
- e) Notes, comprising a summary of significant accounting policies and explanatory information.

2.03 Regulatory Compliances

As required, KDS Accessories Limited complies with the following major legal provisions in addition to the Companies Act 1994 (amended in 2020) and other applicable laws and regulations:

- a) The Income Tax Ordinance 1984
- b) The Income Tax Rules 1984
- c) The Value Added Tax Act 2012
- d) The Value Added Tax Rules 2016
- e) Securities and Exchange Ordinance 1969
- f) The Customs Act 1969
- g) The Labour Act 2006 (as amended in 2013)



2.04 Authorization for Issue

The financial statements were authorized for issue by the Board of Directors on 02 October 2022.

2.05 Basis of Measurement

The financial statements have been prepared on going concern basis under the historical cost convention except for land and land development of property, plant and equipment which is measured at revalued amount and inventories which are measured at lower of cost and net realisable value.

2.06 Functional and Presentation Currency

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

2.07 Statement of Cash Flows

Statement of Cash Flows is prepared principally in accordance with IAS-7 "Statement of Cash Flows" and the cash flows from operating activities have been presented under direct method. A reconciliation of net income or net profit with cash flows from operating activities making adjustments for non-cash items, for non-operating items and for the net changes in operating accruals as per requirement of Securities and Exchange Rules 1987.

2.08 Going Concern

The company has adequate resources to continue its operation in foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current revenue generations and resources of the company provide sufficient fund to meet the present requirements of its existing business and operation.

2.09 Reporting Period

The financial statements of the company covers one year from 01 July to 30 June and is followed consistently.

2.10 Application of Accounting Standards

The financial statements have been prepared in compliance with requirement of IASs (International Accounting Standards) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as applicable in Bangladesh. The following IASs and IFRSs are applied to preparation of the financial statements for the year under report:

Accounting Standards

IAS-1	Presentation of Financial Statements
IAS-2	Inventories
IAS-7	Statement of Cash Flows
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS-10	Events after the Reporting Period
IAS-12	Income Taxes
IAS-16	Property, Plant and Equipment
IAS -19	Employee Benefits
IAS-21	The Effects of Changes in Foreign Exchange Rate
IAS-23	Borrowing Costs
IAS-24	Related Party Disclosures
IAS-26	Accounting and Reporting by Retirement Benefit Plans
IAS-28	Investments in Associates and Joint Ventures
IAS-33	Earnings Per Share
IAS-36	Impairment of Assets
IAS-37	Provisions, Contingent Liabilities and Contingent Assets
IAS-38	Intangible Assets
IFRS-7	Financial Instruments: Disclosures
IFRS-9	Financial Instruments
IFRS- 13	Fair Value Measurement
IFRS- 15	Revenue from Contract with Customers
IFRS- 16	Leases



2.11 Use of Estimates and Judgments

The preparation of these financial statements is in conformity with IAS and IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

Note: 4	Property, plant and equipment
Note: 5	Intangible assets
Note: 9	Inventories
Note: 10	Trade receivables
Note: 18	Defined benefit obligation- gratuity
Note: 19	Deferred tax liability
Note: 22	Current tax liability

2.12 Preparation and Presentation of Financial Statements of the Company

The Board of Directors of KDS Accessories Limited is responsible for the preparation and presentation of financial statements of the Company.

2.13 Comparative Information and reclassification

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

3.00 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the period and were also consistent with those used in earlier periods.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the IAS-1 "Presentation of Financial Statements". The recommendations of IAS-1 relating to the format of financial statements were also taken into full consideration for fair presentation.

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

3.01	Consistency
3.02	Property, Plant and Equipment
3.03	Intangible Assets
3.04	Capital Work-in-Progress
3.05	Leasehold Assets
3.06	Investment in Associates
3.07	Inventories
3.08	Financial Instruments
3.09	Impairment
3.10	Share Capital
3.11	Revaluation Reserve
3.12	Employee Benefits
3.13	Taxation
3.14	Loans and Borrowings
3.15	Provisions, Contingent Liabilities and Contingent Assets
3.16	Revenue Recognition
3.17	Operating Income
3.18	Finance Income and Cost
3.19	Foreign Currency Transaction / Translation
3.20	Related Party Transactions
3.21	Earnings Per Share (EPS)
3.22	Measurement of Fair Values
3.23	Events after the Reporting Period

3.01 Consistency

Unless otherwise stated, the accounting policies and methods of computation used in preparation of Financial Statements for the year ended 30 June 2022 are consistent with those policies and methods adopted in preparing the financial statements for the year ended 30 June 2021.



3.02 Property, Plant and Equipment

i) Recognition and Measurement

Property, plant and equipment are stated at cost less accumulated depreciation except land and land development which are carried at revalued amount and subsequent impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of asset. The cost of self constructed asset includes the cost of material and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

ii) Pre-Operating Expenses and Borrowing Costs

Interest and other incurred by the company in respect of borrowing of fund are recognized as expenses in the year in which they incurred unless the activities that are necessary to prepare the qualifying assets for its intended use are in progress. Expenses capitalized also include applicable borrowing cost considering the requirement of IAS-23 "Borrowing Costs".

iii) Subsequent Costs and Maintenance Activities

The company recognizes in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when the cost is incurred, it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repair and maintenance is normally charged off as revenue expenditure in the year in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized to the profit and loss account as expenses if incurred. All upgradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

iv) Revaluation of Property, Plant and Equipment

Financial statement of the company has been prepared on historical cost price basis. However, the prices of land have been increased substantially during the last few years due to high inflationary trend. In this circumstance, management of KDS Accessories Limited had decided to determine fair market value of the land through revaluation. Syful Shamsul Alam & Co, Chartered Accountants had revalued the lands of the company as on 31 December 2012, following "current cost method". Such revaluation resulted in a valuation surplus aggregating Tk. 214,391,703.

v) Depreciation

Land is held on a freehold basis and is not depreciated considering the unlimited life. In respect of all other property, plant and equipment, depreciation is recognized in the statement of profit or loss and other comprehensive income on straight line method over the estimated useful lives of property, plant and equipment.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at earlier of the date that the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognized. The depreciation method used reflects the pattern in which the asset's economic benefits are consumed by the entity. After considering the useful life of assets as per IAS-16 "Property, plant and equipment", the annual depreciation have been applied equal allocation of total cost over useful life of assets which is considered reasonable by the management.

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

Upon retirement of assets, the cost and related accumulated depreciation are eliminated from the accounts and resulting gain or loss is charged or credited to statement of profit or loss and other comprehensive income.

vi) Impairment of Assets

The company reviews the recoverable amount of its assets at each reporting date. If there exists any indication that the carrying amount of assets exceeds the recoverable amount, the company recognizes such impairment loss in accordance with IAS-36 "Impairment of Assets".

vii) Retirement and Disposals

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. On disposal of property, plant & equipment, the cost and accumulated depreciation are eliminated. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the assets and is recognized as gain or loss from disposal of asset under other income in the statement of profit or loss and other comprehensive income.



3.03 Intangible Assets

i) Recognition and Measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible asset is recognized when all the conditions for recognition as per IAS 38 Intangible assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

ii) Amortization

Amortization is recognized in the statement of profit or loss and other comprehensive income on straight line method at the rate of 20% to 33.33% per annum. Amortization is charged on an asset when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortization of an asset ceases at earlier of the date that the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognised.

iii) Subsequent Cost

Subsequent cost is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss and other comprehensive income as incurred.

3.04 Capital Work-in-Progress

Capital work-in-progress represents the cost incurred for acquisition and/or construction of property, plant and equipment that were not ready for use at the end of 30 June 2022 and these are stated at cost.

3.05 Leasehold Assets

The Objective of IFRS 16 is to report information that (a) faithfully represents lease transactions and (b) Provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities arising from a lease.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

During the year the Company (KDS Accessories Limited) has no lease obligation.

3.06 Investment in Associates

The company's investment in associates is accounted for in the financial statements using the Equity Method in accordance with IAS 28: 'Investment in Associates & Joint Ventures'. Investment in an associate is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition which is classified as non-current assets in the statement of financial position. The investor's share of investee's profit or loss is recognized in the investor's profit or loss. Adjustment after the date of acquisition to the carrying amount has been made for changes in the investor's proportionate interest in the investee that arising from the revaluation of property, plant & equipment and from foreign currency translation differences. The investor's share of those changes is recognized in other comprehensive income of the investor.

The excess of company's share of net assets' value of associates over cost of investments has been recognized in the statement of profit or loss and other comprehensive income as share of associate's profit or loss during the year following the provisions of IAS 28.

Unrealized gains and losses arising from transactions with associate are eliminated against the investment to the extent of the company's interest in investee.

As criteria for considering an investment as "Investment in Associate" is no longer exists, Investment in SKYS Securities Limited is no longer required to report as Investment in Associate under IAS-28. Hence, as stipulated in IAS-28, recognition of Investment under Equity Method is discontinued and the fair value of the investment in SKYS is recognized on initial recognition as a financial asset in accordance with IFRS 9.

3.07 Inventories

i) Nature of Inventories

Inventories comprise of raw materials, work-in-process, finished goods, stores & spares and goods in transit.

ii) Valuation of Inventories

Inventories are measured at lower of cost or net realizable value in accordance with the Para of 21 and 25 of IAS-2 "Inventories" after making due allowance for any obsolete or slow moving item and details of valuation are as follows:

<u>Category</u>	<u>Valuation method</u>
i) Raw materials	Valued at Cost or Net Realisable Value whichever is lower.
ii) Finished goods	Valued at Cost or Net Realisable Value whichever is lower.
iii) Goods-in-transit	Valued at Cost.
iv) Stores and spares	Based on weighted average method.
v) Work-in-process	Valued at Cost or Net Realisable Value whichever is lower.

3.08 Financial Instruments

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



3.08.01 Financial Assets

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

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Financial assets include Trade Receivables, Others Receivables, Advances, Deposits and Prepayments, Short Term Investments, and Cash and cash equivalents.

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost.

Loans and receivables comprise cash and cash equivalents, loans, trade receivables, other receivables and deposits.

a) Trade and Other Receivables

Trade receivable consists of due proceeds against sales through L/C with a tenure of 30 days to above 90 days and realizable at the maturity date. Trade receivable is initially recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at cost less impairment losses due to un-collectability of any amount so recognized.

Other receivables is initially recognized at cost which is the fair value of the consideration given in return. After initial recognition, these are carried at cost less impairment losses, if any, due to un-collectability of any amount so recognized.

b) Advances, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as Property, Plant and Equipment, Inventory or Expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit or loss.

c) Cash and Cash Equivalents

According to IAS-7 "Statement of Cash Flows" cash comprises cash in hand and bank deposit and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. IAS-1 "Presentation of Financial Statements" provides that cash and cash equivalent are not restricted in use. Considering the provision of IAS 7 and IAS 1, cash in hand and bank balances have been considered as cash and cash equivalents.

Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. Financial assets which are not traded in the market have been valued at cost unless any indication of impairment in value of such financial assets exist. Cumulative gain/losses recognized in the other comprehensive income are reclassified from equity to profit or loss upon derecognition or reclassification.

3.08.02 Financial Liabilities

The company initially recognizes all financial liabilities on the trade date which is the date the company becomes a party to the contractual provisions of the instrument.

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

The company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

a) Trade and Other Payables

The company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.

b) Interest-bearing borrowings

Interest-bearing borrowings comprise loans and operational overdraft.



3.09 Impairment

i) Financial Assets

Financial assets are not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

ii) Non-financial Assets

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

3.10 Share Capital

Paid-up-capital represents total amount contributed by the shareholders and bonus shares issued by the company to the ordinary shareholders. Incremental costs directly attributable to the issue of ordinary shares are recognized as expenses as and when incurred. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the company, ordinary shareholders will be rank after all other shareholders. Creditors are fully entitled to any proceeds of liquidation before all shareholders.

3.11 Revaluation Reserve

Revaluation reserve relates to the revaluation of land and land development.

3.12 Employee Benefits

i) Short Term Employee Benefits

Salaries, bonuses and allowances are accrued in the financial year in which the associated services are rendered by the employees of the Company.

ii) Workers' Profit Participation and Welfare Fund

The Company maintains a Worker's profit participation and welfare fund at 5% of net profit before tax as per the requirement of The Companies Profit (worker's participation) (amendment) ordinance 1985 & Labour Act 2006 (As amended in 2013).

iii) Defined Contribution Plan

The company maintains an unrecognized provident fund for its officers only. Both the employees and company contribute 10% of basic salary to the fund.

iv) Defined Benefit Plan - Gratuity

The company maintains a Gratuity scheme for its officers only. Officers are entitled to gratuity when their length of service reaches five years. Provision has been made in the books on monthly basis based on the rules of the scheme.

3.13 Taxation

i) Current Tax

Income Tax is calculated and provision is made in accordance with IAS 12 'Income taxes'. As per 6th schedule Part A Para 28 of Income Tax Ordinance, 1984 provision for income has been made at the rate of 20.00% on operational income after deducting 50% of income as export rebate resulting in an effective tax rate of 10.00% on operational income. Besides this, the company charged tax at a rate of 20.00% on other income of this company.

ii) Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in the future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the Statement of Financial Position date. The impact of changes on the account in the deferred tax assets and liabilities has also been recognized in the statement of profit or loss and other comprehensive income as per IAS-12 "Income Taxes".

The deferred tax asset/income or liability/expenses does not create a legal liability/recoverability to and from the income tax authority.

Deferred tax on revaluation surplus of lands has not been recognized in the financial statements on the ground that income tax payable at source on capital gain during registration of sale of land are generally borne by the buyer. Hence, possibility of having any income tax implications on land is very remote.



3.14 Loans and Borrowings

Principal amount of the loans and borrowings are stated at their outstanding amount. Borrowings repayable within twelve months from the balance sheet date are classified as current liabilities whereas borrowings repayable after twelve months from the balance sheet date are classified as non-current liabilities. Accrued interest and other charges are classified as current liabilities.

3.15 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized in the statement of financial position when the company has a legal or contractual 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. Contingencies arising from claims, litigations, assessments, fine, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", contingent liabilities and commitments are disclosed in the financial statements.

3.16 Revenue Recognition

Revenue is recognized when invoice for products and services are made and the significant risk and reward of ownership are transferred to the customers, recovery of the consideration is probable, associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The five step model has been complied in case of revenue recognition.

Specific policies regarding the recognition of revenue are as follows:

Revenue from sales of goods

Revenue from the sale of goods shall be recognized when all the following conditions have been satisfied:

- a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods and customer obtains control of the goods;
- b) it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur;
- c) the amount of revenue can be measured reliably;
- d) it is probable that the economic benefits associated with the transaction will flow to the entity.

3.17 Operating Income

Operating income includes gain / (loss) on sale of property, plant and equipment and rental income. Operating income is recognized as revenue on accrual basis.

3.18 Finance Income and Cost

3.18.01 Finance Income

Interest income on Fixed Deposit Receipts (FDR), Short Term Deposits (STD), Gain/loss on currency fluctuation and amounts due from affiliated companies is accrued on a time proportion basis by reference to the principal outstanding at the effective rate of interest applicable.

3.18.02 Finance Cost

Interest expenses comprises interest expense on operational overdraft, LATR, term loan and short term borrowings except expenses related to acquisition/construction of assets, incurred during the period are charged to Statement of Profit or Loss and Other Comprehensive Income on accrual basis.

3.19 Foreign Currency Transaction / Translation

Transactions in foreign currencies are translated into Bangladesh Taka at the Exchange rate prevailing on the date of transactions in accordance with IAS - 21 "The Effects of Changes in Foreign Exchange Rate." Monetary assets and liabilities in foreign currencies at the Statement of Financial Position date are translated into Bangladesh Taka at the rate of exchange prevailing at the Statement of Financial Position date. All exchange differences are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

3.20 Related Party Transactions

The objective of IAS-24 "Related Party Disclosure" is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

Interest income/expenses on amount due to/due from affiliated companies has been recognized periodically.



3.21 Earnings Per Share (EPS)

The company calculates its earnings per share in accordance with International Accounting Standard IAS-33 "Earnings Per Share" which has been reported on the face of Statement of Profit or Loss and Other Comprehensive Income.

i) Basic Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

ii) Diluted Earnings Per Share:

No diluted earnings per share was required to be calculated for the year under review as there was no scope for dilution of Earnings Per Share for the year.

3.22 Measurement of Fair Values

When measuring the fair value of an asset or liability, the entity uses market observable data as far as possible. Fair values are categorized 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 and 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.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Property, Plant and Equipment

The fair value of land of property, plant and equipment has been determined based on the current cost method and net realizable value method as applicable.

3.23 Events after the Reporting Period

Events after the reporting period that provide additional information about the company's position at the date of Statement of Financial Position or those that indicate the going concern assumption is not appropriate are reflected in the Financial Statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.



4 a) PROPERTY, PLANT & EQUIPMENT -at Revalued Model

Particulars	Cost (Amount in Taka)				Depreciation (Amount in Taka)				Written Down Value as on 30.06.2022 (Taka)
	Opening Balance as on 01.07.2021	Addition During the Year	Disposed During the Year	Closing Balance as on 30.06.2022	Opening Balance as on 01.07.2021	Charge During the Year	Adjustment During the Year	Closing Balance as on 30.06.2022	
Land and Land Development:	431,214,704			431,214,704	-		-	-	431,214,704
Building:									
Administrative Building	50,817,030			50,817,030	21,676,079	1,667,937	-	23,344,016	27,473,014
Factory Building	454,345,966	50,217,010		504,562,976	211,722,906	23,498,604	-	235,221,510	269,341,466
	505,162,996	50,217,010	-	555,380,006	233,398,985	25,166,541	-	258,565,525	296,814,480
Plant & Machinery:									
Plant & Machinery	900,281,470	137,679,871	7,406,000.00	1,030,555,341	516,285,700	60,859,410	4,199,404	572,945,706	457,609,635
Equipment & Appliance:									
Office Equipment	30,553,174	1,027,932	217,379	31,363,727	25,436,427	1,706,586	208,637	26,934,375	4,429,352
Electric Installation	91,840,936	5,663,776		97,504,712	61,700,062	7,915,179	-	69,615,241	27,889,471
	122,394,110	6,691,708	217,379	128,868,439	87,136,489	9,621,764	208,637	96,549,616	32,318,823
Furniture & Fixtures	15,075,139	1,478,965		16,554,104	13,865,925	788,457	-	14,654,382	1,899,722
Computer Equipment	29,257,262	3,873,275	241,660	32,888,877	28,004,311	1,131,565	241,657	28,894,219	3,994,658
Motor Vehicles:									
Motor Vehicles	68,156,088			68,156,088	58,021,979	3,232,591	-	61,254,570	6,901,518
As on 30 June 2022	2,071,541,769	199,940,829	7,865,039	2,263,617,559	936,713,389	100,800,328	4,649,698	1,032,864,019	1,230,753,540
As on 30 June 2021	2,055,352,237	16,916,244	726,712	2,071,541,769	840,008,737	97,406,523	701,871	936,713,390	1,134,828,380

- i) Depreciation Allocated to:
 Factory Overhead - note 27.02
 Operating Expenses - note 28.00

Allocation Basis	30 June 2022 Taka	30 June 2021 Taka
80%	80,640,263	77,925,219
20%	20,160,065	19,481,304
	100,800,328	97,406,523



4 b) PROPERTY, PLANT & EQUIPMENT -at Revalued Model

Particulars	Cost (Amount in Taka)				Depreciation (Amount in Taka)				Written Down Value as on 30.06.2021 (Taka)
	Opening Balance as on 01.07.2020	Addition During the Year	Disposed During the Year	Closing Balance as on 30.06.2021	Opening Balance as on 01.07.2020	Charge During the Year	Adjustment During the Year	Closing Balance as on 30.06.2021	
Land and Land Development:	431,214,704	-	-	431,214,704	-	-	-	-	431,214,704
Building:									
Administrative Building	50,817,030	-	-	50,817,030	20,008,142	1,667,937	-	21,676,079	29,140,951
Factory Building	454,345,966	-	-	454,345,966	189,904,564	21,818,342	-	211,722,906	242,623,060
	505,162,996	-	-	505,162,996	209,912,706	23,486,279	-	233,398,985	271,764,011
Plant & Machinery:									
Plant & Machinery	896,979,429	9,302,041	-	900,281,470	457,777,255	58,508,445	-	516,285,700	383,995,770
Equipment & Appliance:									
Office Equipment	29,792,397	923,739	162,962	30,553,174	23,763,758	1,822,259	149,590	25,436,427	5,116,747
Electric Installation	90,805,595	1,035,341	-	91,840,936	53,536,555	8,163,507	-	61,700,062	30,140,874
	120,597,992	1,959,080	162,962	122,394,110	77,300,313	9,985,766	149,590	87,136,489	35,257,621
Furniture & Fixtures	15,002,527	72,612	-	15,075,139	13,315,457	550,468	-	13,865,925	1,209,214
Computer Equipment	28,956,401	516,636	215,775	29,257,262	27,119,507	1,089,112	204,308	28,004,311	1,252,951
Motor Vehicles:									
Motor Vehicles	63,438,188	5,065,875	347,975	68,156,088	54,583,499	3,786,453	347,973	58,021,979	10,134,109
As on 30 June 2021	2,055,352,237	16,916,244	726,712	2,071,541,769	840,008,737	97,406,523	701,871	936,713,390	1,134,828,380
As on 30 June 2020	2,042,755,198	13,451,063	854,024	2,055,352,237	738,870,977	101,991,782	854,022	840,008,737	1,215,343,500

i) Depreciation Allocated to:

Factory Overhead - note 27.02
Operating Expenses - note 28.00

Allocation Basis	30 June 2021 Taka	30 June 2020 Taka
80%	77,925,219	81,593,426
20%	19,481,304	20,398,356
	97,406,523	101,991,782



4.1 a) PROPERTY, PLANT & EQUIPMENT-at Cost Model

Particulars	Cost (Amount in Taka)				Depreciation (Amount in Taka)				Written Down Value as on 30.06.2022 (Taka)
	Opening Balance as on 01.07.2021	Addition During the Year	Disposed During the Year	Closing Balance as on 30.06.2022	Opening Balance as on 01.07.2021	Charge During the Year	Adjustment During the Year	Closing Balance as on 30.06.2022	
Land and Land Development:	216,823,001			216,823,001	-		-	-	216,823,001
Building:									
Administrative Building	50,817,030			50,817,030	21,676,079	1,667,937	-	23,344,016	27,473,014
Factory Building	454,345,966	50,217,010		504,562,976	211,722,906	23,498,604	-	235,221,510	269,341,466
	505,162,996	50,217,010	-	555,380,006	233,398,985	25,166,541	-	258,565,525	296,814,481
Plant & Machinery:									
Plant & Machinery	900,281,470	137,679,871	7,406,000	1,030,555,341	516,285,700	60,859,410	4,199,404	572,945,706	457,609,635
Equipment & Appliance:									
Office Equipment	30,553,174	1,027,932	217,379	31,363,727	25,436,427	1,706,586	208,637	26,934,376	4,429,351
Electric Installation	91,840,936	5,663,776		97,504,712	61,700,062	7,915,179	-	69,615,241	27,889,471
	122,394,110	6,691,708	217,379	128,868,439	87,136,489	9,621,764	208,637	96,549,617	32,318,823
Furniture & Fixtures	15,075,139	1,478,965		16,554,104	13,865,925	788,457	-	14,654,382	1,899,722
Computer Equipment	29,257,262	3,873,275	241,660	32,888,877	28,004,311	1,131,565	241,657	28,894,219	3,994,658
Motor Vehicles:									
Motor Vehicles	68,156,088			68,156,088	58,021,979	3,232,591	-	61,254,570	6,901,518
As on 30 June 2022	1,857,150,066	199,940,829	7,865,039	2,049,225,856	936,713,389	100,800,328	4,649,698	1,032,864,020	1,016,361,838
As on 30 June 2021	1,840,960,534	16,916,244	726,712	1,857,150,066	840,008,737	97,406,523	701,871	936,713,389	920,436,678

5 INTANGIBLE ASSETS at Cost Less Accumulated Amortization - note 3.03

Particulars	Cost (Amount in Taka)				Amortization (Amount in Taka)				Written Down Value as on 30.06.2022 (Taka)
	Opening Balance as on 01.07.2021	Addition During the Year	Disposed During the Year	Closing Balance as on 30.06.2022	Opening Balance as on 01.07.2021	Charge During the Year	Adjustment During the Year	Closing Balance as on 30.06.2022	
Computer Software	6,735,393	-	-	6,735,393	6,353,832	286,680	-	6,640,512	94,881
As on 30 June 2022	6,735,393	-	-	6,735,393	6,353,832	286,680	-	6,640,512	94,880
As on 30 June 2021	6,735,393	-	-	6,735,393	5,854,487	499,345	-	6,353,832	381,561



4.1 b) PROPERTY, PLANT & EQUIPMENT-at Cost Model

Particulars	Cost (Amount in Taka)				Depreciation (Amount in Taka)				Written Down Value as on 30.06.2021 (Taka)
	Opening Balance as on 01.07.2020	Addition During the Year	Disposed During the Year	Closing Balance as on 30.06.2021	Opening Balance as on 01.07.2020	Charge During the Year	Adjustment During the Year	Closing Balance as on 30.06.2021	
Land and Land Development:	216,823,001	-	-	216,823,001	-	-	-	-	216,823,001
Building:									
Administrative Building	50,817,030	-	-	50,817,030	20,008,142	1,667,937	-	21,676,079	29,140,951
Factory Building	454,345,966	-	-	454,345,966	189,904,564	21,818,342	-	211,722,906	242,623,060
	505,162,996	-	-	505,162,996	209,912,706	23,486,279	-	233,398,985	271,764,011
Plant & Machinery:									
Plant & Machinery	890,979,429	9,302,041	-	900,281,470	457,777,255	58,508,445	-	516,285,700	383,995,770
Equipment & Appliance:									
Office Equipment	29,792,397	923,739	162,962	30,553,174	23,763,758	1,822,259	149,590	25,436,427	5,116,747
Electric Installation	90,805,595	1,035,341	-	91,840,936	53,536,555	8,163,507	-	61,700,062	30,140,874
	120,597,992	1,959,080	162,962	122,394,110	77,300,313	9,985,766	149,590	87,136,490	35,257,620
Furniture & Fixtures	15,002,527	72,612	-	15,075,139	13,315,457	550,468	-	13,865,925	1,209,214
Computer Equipment	28,956,401	516,636	215,775	29,257,262	27,119,507	1,089,112	204,308	28,004,311	1,252,951
Motor Vehicles:									
Motor Vehicles	63,438,188	5,065,875	347,975	68,156,088	54,583,499	3,786,453	347,973	58,021,979	10,134,109
As on 30 June 2021	1,840,960,534	16,916,244	726,712	1,857,150,066	840,008,737	97,406,523	701,871	936,713,389	920,436,678
As on 30 June 2020	1,828,363,495	13,451,063	854,024	1,840,960,534	738,870,977	101,991,782	854,022	840,008,737	1,000,951,797

5 INTANGIBLE ASSETS at Cost Less Accumulated Amortization - note 3.03

Particulars	Cost (Amount in Taka)				Amortization (Amount in Taka)				Written Down Value as on 30.06.2021 (Taka)
	Opening Balance as on 01.07.2020	Addition During the Year	Disposed During the Year	Closing Balance as on 30.06.2021	Opening Balance as on 01.07.2020	Charge During the Year	Adjustment During the Year	Closing Balance as on 30.06.2021	
Computer Software	6,735,393	-	-	6,735,393	5,854,487	499,345	-	6,353,832	381,561
As on 30 June 2021	6,735,393	-	-	6,735,393	5,854,487	499,345	-	6,353,832	381,561
As on 30 June 2020	6,355,893	379,500	-	6,735,393	5,403,496	450,991	-	5,854,487	880,906



9.01 Quantitative movement of raw materials and finished goods

Raw Materials

Product name	Unit	Opening balance	Procurement	Available for consumption	Consumption	Closing balance
Liner Paper	Kg	1,487,487	21,066,904	22,554,391	(19,808,696)	2,745,695
White Liner Paper	Kg	28,356	-	28,356	(26,519)	1,837
Medium Paper	Kg	2,775,177	4,423,724	7,198,901	(4,973,626)	2,225,275
Duplex Board	Kg	14,601	145,495	160,096	(152,704)	7,392
Yarn	Kg	608	305,887	306,495	(306,495)	-
Starch	Kg	26,681	459,000	485,681	(484,376)	1,305
Adhesive Powder	Kg	33,461	309,000	342,461	(317,597)	24,864
Art Paper	Kg	-	99,576	99,576	(99,576)	-
Chemical	Ltr	2,017	26,634	28,651	(26,149)	2,502
Resin	Kg	13,700	266,420	280,120	(272,182)	7,938
Rubber Thread	Kg	5,534	160,899	166,433	(116,433)	50,000
Transfer Flim	Kg	2,192	-	2,192	(1,435)	757
Printing Ink	Kg	7,216	12,133	19,349	(18,523)	826
Pigment	Kg	86	1,601	1,687	(1,051)	636
Ribbon	Kg	243	9,346	9,589	(9,589)	-
OPP Gum Tape	Kg	-	156,909	156,909	(56,094)	100,815
GPPS/PP/HIPS	Kg	17,762	307,750	325,512	(260,510)	65,002
		4,415,122	27,751,278	32,166,399	(26,931,556)	5,234,844

Finished goods

Product name	Unit	Opening balance	Production	Available for sale	Sales	Closing balance
Carton	Pes	140,800	30,291,920	30,432,720	(30,272,453)	160,267
Label	Pes	13,000	77,342,085	77,355,085	(77,202,420)	152,665
Elastics and Narrow Fabrics	Yards	835,292	29,278,920	30,114,212	(29,346,673)	767,539
Offset Printing	Pes	28,410	74,189,379	74,217,789	(73,731,582)	486,207
Heat Transfer Printing	Pes	-	6,646,061	6,646,061	(6,643,231)	2,830
Button	GG	-	234,793	234,793	(234,793)	-
Gum Tape	Rolls	17,432	830,649	848,081	(848,081)	-
Hanger	Pes	529,075	20,894,312	21,423,387	(21,128,082)	295,305
		1,564,009	239,708,120	241,272,128	(239,407,315)	1,864,813

	Note(s)	30 June 2022 Taka	30 June 2021 Taka
10.00 Trade receivables			
Opening balance		1,057,580,923	934,575,587
Add: Addition during the year	26.00	3,199,681,329	2,217,942,652
Add: Adjustment for foreign currency translation gain	10.02	139,205,734	5,668,925
		4,396,467,986	3,158,187,164
Less: Realized during the year		(2,781,700,082)	(2,100,606,241)
Closing Balance		1,614,767,904	1,057,580,923
10.01 Trade receivables have been stated at their nominal value. Trade receivables are accrued in the ordinary course of business. These are carried at invoice amount. All receivables are secured by Letter of Credit (L/C) and have been considered as good and realizable. Therefore, no amount was written off as bad debt and no debt was considered as doubtful to provide for.			
10.02 Foreign currency translation gain arises due to translation of foreign currency denominated trade receivables at the reporting date.			
10.03 Trade receivables include affiliated companies			
KDS Apparels Limited		-	-
KDS Fashion Limited		96,913,638	67,967,599
KDS Garment Industries Limited		54,560,385	41,393,059
KDS IDR Limited		130,842,360	87,389,599
		282,316,383	196,750,257
10.04 Ageing of trade receivables			
Dues within 3 Months		645,907,162	433,608,178
Dues over 3 Months		968,860,742	623,972,744
		1,614,767,904	1,057,580,922
10.05 Trade receivables - classification by security and related party:			
Receivable considered good and secured		1,614,767,904	1,057,580,922
Receivable considered good without security		-	-
Receivable considered doubtful or bad		-	-
Receivable due by directors or other officers		-	-
Receivable due from companies under same management		282,316,383	196,750,257
Maximum receivable due by directors or officers at any time		-	-
11.00 Other receivables			
Accrued interest income on FDR		298,495	302,794
Interest Receivable		-	109,293
		298,495	412,087



	Note(s)	30 June 2022 Taka	30 June 2021 Taka
12.00 Advances, deposits and prepayments			
Advances	12.01	70,786,349	50,101,611
Security deposits	12.02	13,718,249	12,863,249
Prepayments	12.03	3,730,000	3,518,630
		88,234,598	66,483,490
12.01 Advances			
Against salary and allowances		3,934,173	1,145,009
Against income tax	12.01.01	31,933,050	22,123,769
Advance Against Land		12,847,598	12,847,598
Others		22,071,528	13,985,235
		70,786,349	50,101,611
12.01.01 Advance income tax			
Opening balance		22,123,769	27,686,095
Add: Paid/deducted during the year		31,913,786	22,104,504
Less: Adjusted during the year		(22,104,504)	(27,666,830)
Closing balance		31,933,050	22,123,769
12.02 Security deposits			
T & T		20,000	20,000
Titas Gas Transmission & Distribution Company Limited		2,429,000	2,429,000
Gazipur Palli Bidyut Samity		9,065,088	9,065,088
Karnaphuli Gas Transmission Limited		549,161	549,161
Central Depository Bangladesh Limited (CDBL)		500,000	500,000
Chattogram Port Authority & Shipping Agent		855,000	-
Gulshan Club Limited		300,000	300,000
		13,718,249	12,863,249
12.03 Prepayments			
Insurance premium		3,730,000	3,518,045
Upfront interest		-	585
		3,730,000	3,518,630
12.04	The directors consider that all the above advances, deposits and prepayments are either adjustable or recoverable in cash or in kind and for that no provision against them are required at this stage.		
13.00 Due from affiliated companies			
KDS Poly Industries Limited		58,844,458	-
KDS Thread Limited		455,676,515	394,075,968
		514,520,973	394,075,968
13.01	The amount represent short term loan provided to KDS Poly Industries Limited and KDS Thread Limited as and when required to meet funding requirement. All transactions were done through banking channel and interests were charged on outstanding balances.		
14.00 Short term investment			
Investment in Fixed Deposit Receipts		2,300,000	5,050,918
		2,300,000	5,050,918

Above Fixed Deposits maintained with Bank Asia Limited, Agrabad Branch, Chattogram have been kept as lien. The rate of interest is 4% per annum.

	Note(s)	30 June 2022 Taka	30 June 2021 Taka
15.00 Cash and cash equivalents			
Cash in hand	15.01	727,429	934,104
Cash at bank	15.02	269,412,178	231,549,263
		270,139,607	232,483,367
15.01 Cash in hand			
Head office		299,514	391,403
Dhaka office		137,257	334,264
Gazipur factory office		290,658	208,437
		727,429	934,104



15.02 Cash at Bank

Name of Banks	Branch	Account Type	30 June 2022	30 June 2021
			Taka	Taka
Bank Asia Limited	MCB Banani	SND	1,313	1,293
Bank Asia Limited	Agrabad	USD	6,470,433	1,617
Bank Asia Limited	Agrabad	Retention Quota	-	215,955
Bank Asia Limited	Agrabad	Current	7,977	-
Bank Asia Limited	MCB Banani	Retention Quota	1,393,120	1,001,919
Bank Asia Limited	MCB Banani	RAD	2,593	736
Bank Asia Limited	MCB Banani	RAD	8,567,134	5,904,412
Bank Asia Limited	MCB Banani	SND	50,536,066	4,543,649
Bank Asia Limited	Agrabad	OD	54,618,925	207,094,273
Dutch Bangla Bank Limited	Jubilee Road	Current	4,945,668	5,557
HSBC	Agrabad	Current	123,806	414,715
Mutual Trust Bank Limited	Motijheel	Escrow	102,860	125,353
Mutual Trust Bank Limited	Motijheel	Escrow-USD	-	612,767
Mutual Trust Bank Limited	Motijheel	Escrow-GBP	-	14,386
NCC Bank Limited	Baridhara	Current	3,726	73,909
Standard Chartered Bank	Agrabad	Current	473,787	6,724,994
Standard Chartered Bank	Agrabad	Current	925,069	685,875
Standard Chartered Bank	Agrabad	Current	190,378	763,166
Standard Chartered Bank	Agrabad	USD	32,636,071	-
Trust Bank Limited	Dewan Bazar	Current	1,112	3,359,253
Southeast Bank Limited	Agrabad	USD	9,453,039	-
Southeast Bank Limited	Agrabad	OD	98,957,468	-
Southeast Bank Limited	Agrabad	Current	1,633	5,434
			269,412,178	231,549,263

16.00 Share capital
Authorized Capital

200,000,000 Ordinary Shares of Tk. 10 each

2,000,000,000

2,000,000,000

2,000,000,000
2,000,000,000
Issued, subscribed and paid-up Capital

1,000 Ordinary Shares of Tk. 10 each as at 21 April 1991	10,000	10,000
2,100,000 Ordinary Shares of Tk. 10 each as at 17 June 2004	21,000,000	21,000,000
10,505,000 Ordinary Shares of Tk. 10 each as at 30 June 2010	105,050,000	105,050,000
17,522,340 Ordinary Shares of Tk. 10 each as at 6 March 2012	175,223,400	175,223,400
9,871,660 Ordinary Shares of Tk. 10 each as at 8 June 2013	98,716,600	98,716,600
12,000,000 Ordinary Shares of Tk. 10 each issued through IPO	120,000,000	120,000,000
5,200,000 Ordinary Shares of Tk. 10 each as at 29 March 2016 (Bonus share)	52,000,000	52,000,000
2,860,000 Ordinary Shares of Tk. 10 each as at 18 September 2017 (Bonus share)	28,600,000	28,600,000
3,003,000 Ordinary Shares of Tk. 10 each as at 04 November 2018 (Bonus share)	30,030,000	30,030,000
3,153,150 Ordinary Shares of Tk. 10 each as at 13 November 2019 (Bonus share)	31,531,500	31,531,500
4,966,211 Ordinary Shares of Tk. 10 each as at 30 November 2020 (Bonus share)	49,662,110	49,662,110
71,182,361 Ordinary Shares of Tk. 10 each	711,823,610	711,823,610

16.01 Shareholding position

Name of the shareholders	30 June 2022		30 June 2021	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Mr. Khalilur Rahman	49.08%	34,938,452	51.89%	36,938,452
Mr. Salim Rahman	14.09%	10,030,344	14.09%	10,030,344
Ms. Hasina Iqbal	1.03%	734,389	1.03%	734,389
Ms. Tahsina Rahman	3.84%	2,736,475	3.84%	2,736,475
Ms. Tahmina Rahman	0.00%	433	0.00%	433
KDS Garments Inds. Limited	2.01%	1,431,917	2.01%	1,431,917
General Public (IPO)	29.94%	21,310,351	27.13%	19,310,351
	100%	71,182,361	100%	71,182,361

16.02 Classification of shares by holding

Slab by number of shares	No. of Shareholders	No. of Shares	Holding (%)
Less than 500	2211	341,826	0.48%
From 500 to 5,000	1937	3,482,574	4.89%
From 5,001 to 10,000	296	2,275,029	3.20%
From 10,001 to 20,000	147	2,173,374	3.05%
From 20,001 to 30,000	59	1,498,080	2.10%
From 30,001 to 40,000	30	1,057,917	1.49%
From 40,001 to 50,000	9	434,786	0.61%
From 50,001 to 100,000	31	2,252,910	3.16%
From 100,001 to 1,000,000	32	9,190,336	12.91%
Above 1,000,000	5	48,475,529	68.10%
	4,757	71,182,361	100%



	Note(s)	30 June 2022 Taka	30 June 2021 Taka
16.03 Share Premium			
The Share premium was arisen from the issue of ordinary share (12,000,000 @ Tk.10) as per approval letter from Bangladesh Securities and Exchange Commission vide their letter no. SEC/CI/PO-217/2013/315. dated July 8, 2015. Details are given below			
Number of Shares (a)		12,000,000	120,000,000
Premium per Share (b)		10	10
Total Share Premium (a*b)		<u>120,000,000</u>	<u>120,000,000</u>
16.04 Revaluation Reserve			
KDS Accessories Limited had decided to determine fair market value of the land through revaluation. Syful Shamsul Alam & Co, Chartered Accountants had revalued the lands of the company as on 31 December 2012, following "current cost method". Such revaluation resulted in a valuation surplus aggregating Tk. 214,391,703.			
Opening Balance		214,391,703	214,391,703
Add: Addition during the year		-	-
Less: Amortized during the year		-	-
Closing Balance		<u>214,391,703</u>	<u>214,391,703</u>
16.05 Retained Earnings			
Opening Balance		715,594,868	657,973,945
Less: Addition for Bonus Share		-	(49,662,110)
Less: Cash dividend for the year		(106,773,541)	(49,662,115)
Add: Net Profit after tax for the year		165,725,403	156,945,148
Balance as at 30 June 2022		<u>774,546,730</u>	<u>715,594,868</u>
17.00 Long term borrowings			
Opening balance		63,477,870	73,992,408
Add: Received during the year		80,088,420	35,000,000
Add: Interest applied		5,809,430	5,592,602
Add: Bank charges		54,000	51,575
Add: Adjustment for foreign currency translation loss		6,566,738	-
		<u>155,996,458</u>	<u>114,636,585</u>
Add/(Less): Deferred Interest payment of April & May 2020 (COVID-19 Period)		325,127	690,499
Less: Paid during the year		(20,774,733)	(51,849,214)
Closing balance		<u>135,546,851</u>	<u>63,477,870</u>
17.01 Current/non-current classification			
Due within one year		33,870,307	17,163,975
Due after one year		101,676,544	46,313,895
		<u>135,546,851</u>	<u>63,477,870</u>
17.02 Details of long term borrowings			
Bank Asia Limited - Agrabad	17.03 & 17.05	123,867,497	36,319,131
Bank Asia Limited - MCB Banani	17.04	11,679,354	17,163,093
Trust Bank Limited		-	8,189,259
NCC Bank Limited		-	1,806,387
		<u>135,546,851</u>	<u>63,477,870</u>
17.03 Bank Asia Limited, Agrabad, Chattogram.			
Total sanctioned amount	Tk. 3.50 Crore		
Year	2021		
Purpose	Construction of two storied shed		
Interest rate	8.50% (Revised from time to time)		
Tenure	Seven years		
Payment method	The loan is repayable in equal monthly installment (EMI).		
Securities	i) Hypothecation on movable assets.		
17.04 Bank Asia Limited, MCB Banani, Dhaka.			
Total sanctioned amount	Tk. 7.30 Crore		
Year	2015		
Purpose	Construction of factory building, utility building.		
Interest rate	8.50% (Revised from time to time)		
Tenure	Seven years		
Payment method	The loan is repayable in equal monthly installment (EMI).		
Securities	i) Personal Guarantee of directors.		
17.05 Bank Asia Limited, Agrabad, Chattogram.			
Total sanctioned amount	Tk. 8 Crore		
Year	2022		
Purpose	Import of Plant & Machinery		
Interest rate	5% (Revised from time to time)		
Tenure	Five Years		
Payment method	The loan is repayable in Equal Monthly Installment (EMI).		
Securities	i) Personal Guarantee of directors ii) Hypothecation on movable assets.		



	Note(s)	30 June 2022 Taka	30 June 2021 Taka
18.00 Defined benefit obligation- gratuity			
Opening balance		103,342,964	90,799,401
Add: Provision made during the year	27.02 & 28	21,575,154	15,767,708
		124,918,118	106,567,109
Less: Paid/Adjusted during the year		(5,461,525)	(3,224,145)
Closing balance		<u>119,456,593</u>	<u>103,342,964</u>

19.00 Deferred tax liability

Deferred tax liability has been calculated below at the applicable tax rate on the difference between the carrying value of property, plant and equipment and intangible assets as per financial statements and tax written down value and financial position method for gratuity obligation and investment in associates.

	30 June 2022 Taka	30 June 2021 Taka
Opening balance	29,610,661	40,716,180
Provided during the year		
Taxable/(deductible) temporary difference of PPE and intangible asset (excluding land)	(5,635,044)	(8,321,808)
Provision for Gratuity	(319,576)	(276,158)
Investments in associate/"SKYS"	-	(2,507,553)
	<u>(5,954,620)</u>	<u>(11,105,519)</u>
Closing balance	<u>23,656,041</u>	<u>29,610,661</u>

Reconciliation of deferred tax liabilities /(assets) are as follows :

Year - 2021-2022:

	Carrying Amount Taka	Tax Base Taka	Tax Rate Percentage	Taxable / (Deductible) Temporary Difference Taka	Deferred tax liabilities/ (assets) Taka
Property, plant & equipment (excluding land)	799,633,716	454,605,377	10.00%	345,028,339	34,502,835
Gratuity	(119,456,593)	-	10.00%	(119,456,593)	(11,945,659)
Investments in associate/"SKYS"	30,377,066	23,405,000	15% - 20%	6,972,066	1,098,865
Net taxable temporary difference				<u>232,543,812</u>	<u>23,656,041</u>

Year - 2020-2021:

	Carrying Amount Taka	Tax Base Taka	Tax Rate Percentage	Taxable / (Deductible) Temporary Difference Taka	Deferred tax liabilities/ (assets) Taka
Property, plant & equipment (excluding land)	703,995,237	347,214,094	11.25%	356,781,143	40,137,879
Gratuity	(103,342,964)	-	11.25%	(103,342,964)	(11,626,083)
Investment in associate	30,377,066	23,405,000	15% - 20%	6,972,066	1,098,865
Net taxable temporary difference				<u>260,410,245</u>	<u>29,610,661</u>

	Note(s)	30 June 2022 Taka	30 June 2021 Taka
20.00 Trade and other payables			
Trade payable	20.01	2,157,704,215	1,073,028,147
For revenue expenses	20.02	200,065,673	184,915,413
For other finance	20.03	1,665,935	2,076,509
		<u>2,359,435,822</u>	<u>1,260,020,069</u>

20.01 Trade payable

Liability for imported goods	2,134,536,022	1,051,642,511
Liability for local goods & expenses	23,168,194	21,385,636
	<u>2,157,704,215</u>	<u>1,073,028,147</u>

Liability for imported goods includes foreign currency translation loss of Tk. 195,584,108 (foreign currency translation loss for the corresponding year 2020-2021 was of Tk. 5,830,428) arising due to translation of trade payables in foreign currency at the reporting date.

20.02 For revenue expenses

Audit fee	435,870	326,700
C & F charges	7,626,119	9,782,253
Commission on sales	5,584,296	6,201,937
Electricity bill	1,408,661	2,389,840
Employee salaries, director's remuneration and others	30,574,772	29,491,394
Gas charges	3,047,906	2,598,879
Insurance expenses	2,768,401	1,703,313
Provident fund	120,529,535	110,755,753
Rent expenses	27,794,026	21,408,010
Telephone & mobile bill	296,087	257,334
	<u>200,065,673</u>	<u>184,915,413</u>



	Note(s)	30 June 2022 Taka	30 June 2021 Taka
20.03 For other Finance			
IPO over subscription money payable		-	574,216
Staff income tax		932,759	845,734
Supplier income tax		587,004	524,655
Tax & VAT on rent expenses		-	-
Tax & VAT on audit fee		113,575	90,750
VAT payable-others		32,597	41,154
		1,665,935	2,076,509
21.00 Unclaimed dividend			
Opening Balance		870,788	535,680
Add: Cash dividend declared during the year		106,773,541	49,662,115
Less: Paid/adjusted during the year		(106,782,674)	(49,327,007)
		861,655	870,788
22.00 Current tax liability			
Opening balance		40,205,635	40,479,530
Add: Provision made during the year		28,814,331	30,735,459
		69,019,966	71,215,009
Less: Paid/adjusted during the year		(29,925,559)	(31,009,374)
		39,094,407	40,205,635
22.01 Reconciliation of effective tax rate			
		30 June 2022	30 June 2021
	Rate	Taka	Rate
Profit before tax		188,585,113	176,575,088
Total income tax expenses	15.28%	28,814,331	17.41%
			30,735,459
Factors affecting the tax charge:			
Tax using the applicable rate	20.00%	37,717,023	22.50%
Difference between accounting and fiscal depreciation	1.25%	2,350,560	3.94%
Inadmissible expenses	0.83%	1,572,144	1.53%
Difference between WPPF & WF provision and payment	1.05%	1,985,106	-3.42%
Difference between gratuity provision and payment	1.71%	3,222,726	1.50%
Rebate on export sales	-9.56%	(18,033,227)	-10.71%
Unrealised profit/(loss) from investment in associates	0.00%	-	1.97%
	15.28%	28,814,331	17.41%
			30,735,459
23.00 Due to affiliated company			
KDS Poly Industries Limited		-	185,241
			185,241
23.01 The amount represent short term loan received from KDS Poly Industries Limited as and when required to meet funding requirement. All transactions were done through banking channel and interests were charged on outstanding balances.			
24.00 Short term bank loan			
Bank Overdraft	24.01	-	11,948,284
Loan Against Trust Receipt (LATR)	24.02	-	-
Local Documentary Bill Purchase (LDBP)	24.03	76,098,256	249,638,436
Demand Loan and Time Loan	24.04	-	1,271,399
Stimulus Fund	24.05	-	181,814,348
		76,098,256	444,672,467
24.01 Bank Overdraft			
Bank Asia Limited		-	11,948,284
Southeast Bank Limited		-	11,948,284
			11,948,284
24.02 Loan Against Trust Receipt (LATR)			
Bank Asia Limited		-	-
			-
24.03 Local Documentary Bill Purchase (LDBP)			
Bank Asia Limited		29,157,867	145,645,083
Southeast Bank Limited		14,239,002	-
Standard Chartered Bank		32,701,388	103,993,353
		76,098,256	249,638,436
24.04 Demand Loan and Time Loan			
Liabilities for interest payment deferral		-	1,271,399
			1,271,399
24.05 Stimulus Fund			
Bank Asia Limited		-	141,592,376
Standard Chartered Bank		-	20,222,500
Southeast Bank Limited		-	19,999,472
			181,814,348



25.00 Provision for WPPF and Welfare Fund	Note(s)	30 June 2022	30 June 2021
		Taka	Taka
Opening balance		57,442,981	76,561,217
Add: Provision made during the year		9,925,532	9,293,426
Add: Interest during the year	28.00	5,515,863	7,726,661
Less: Paid during the year		-	(36,138,323)
		72,884,376	57,442,981

As per provision of Workers' Profit Participation Fund (WPPF) and Welfare Fund (WF) of Labor Act 2006, the company has been maintaining provision of WPP & WF since 2010. Meantime, the company has credited interest on the non-distributed WPP & WF fund till 30 June 2022 with a view to protecting the interest of the workers.

26.00 Revenue	Notes	30 June 2022		30 June 2021	
		USD	Taka	USD	Taka
Export sales	26.01	38,024,648	3,199,681,329	26,636,722	2,217,942,652
		38,024,648	3,199,681,329	26,636,722	2,217,942,652

26.01 Details of export sales during the year are as follows :

Product name	30 June 2022		30 June 2021	
	(%)	Taka	(%)	Taka
Carton	81.47%	2,606,624,584	80.99%	1,796,248,794
Label	1.74%	55,546,882	1.58%	35,148,254
Elastics and Narrow Fabrics	5.01%	160,439,193	5.63%	124,863,478
Offset Printing	2.44%	77,965,565	2.27%	50,449,758
Heat Transfer Printing	0.20%	6,472,562	0.10%	2,267,272
Button	4.16%	133,026,939	2.86%	63,324,387
Gum Tape	1.39%	44,397,110	1.63%	36,168,494
Hanger	3.60%	115,208,493	4.94%	109,472,215
	100%	3,199,681,329	100%	2,217,942,652

27.00 Cost of goods sold	Note(s)	30 June 2022	30 June 2021
		Taka	Taka
Raw materials consumed	27.01	2,293,559,044	1,444,761,847
Factory overhead	27.02	419,472,708	350,567,429
Cost of Production		2,713,031,752	1,795,329,276
Add: Opening work-in-process		23,120,967	24,330,967
Less: Closing work-in-process	9.00	(30,519,075)	(23,120,967)
Cost of goods manufactured		2,705,633,644	1,796,539,276
Goods used for sample making	29.00	(779,898)	(887,195)
		2,704,853,746	1,795,652,081
Opening finished goods		11,984,400	9,650,877
Cost of goods available for sale		2,716,838,146	1,805,302,958
Closing finished goods	9.00	(13,860,659)	(11,984,400)
		2,702,977,487	1,793,318,558

27.01 Raw materials consumed			
Opening inventory		431,858,790	471,055,054
Add: Purchases during the year		2,527,696,373	1,405,565,583
Total materials available		2,959,555,163	1,876,620,637
Less: Closing inventory	9.00	(665,996,119)	(431,858,790)
		2,293,559,044	1,444,761,847

27.02 Factory overhead			
Salaries, wages and others		202,648,179	172,645,716
Ansar/security cost		2,619,453	2,771,167
Depreciation	4.00	80,640,263	77,925,219
Electricity expenses		9,598,753	6,802,237
Fuel expenses		12,303,792	12,370,964
Gas expenses		40,573,882	22,148,080
Generator running expenses		1,165,371	859,775
Gratuity	18.00	4,315,031	3,153,542
Insurance premium		4,618,158	3,948,724
Labour charges		3,445,694	2,796,425
Printing and processing charges		3,037,232	3,994,224
Repair and maintenance		13,455,227	8,917,712
Stores and spares consumption	27.03	25,588,827	19,429,284
Telephone expenses		1,726,017	1,603,842
Testing fee		4,789,986	3,146,878
Uniform and liveries		269,503	361,832
Vehicle maintenance expenses		8,235,298	7,339,500
Water and sanitation expenses		442,044	352,308
		419,472,708	350,567,429



	Note(s)	30 June 2022 Taka	30 June 2021 Taka
27.03 Stores and spares consumption			
Opening inventory		68,352,805	62,266,322
Add: Purchases during the year		39,707,397	25,515,767
Total spare parts available		108,060,202	87,782,089
Less: Closing inventory	9.00	(82,471,375)	(68,352,805)
		25,588,827	19,429,284
28.00 Administrative expenses			
Salaries and allowances		89,824,728	74,885,072
Director's remuneration		4,300,000	2,500,000
Audit fee		549,445	417,450
Amortization	5.00	286,680	499,345
Depreciation	4.00	20,160,065	19,481,304
Electricity expenses		1,693,898	1,200,395
Entertainment		1,858,590	1,766,623
Fuel expenses		2,171,257	2,183,111
Gratuity	18.00	17,260,123	12,614,166
Group insurance		622,467	636,611
Guest house expenses		554,497	502,343
Insurance expenses		1,979,211	1,863,281
Interest on WPPF	25.00	5,515,863	7,726,661
Internet expenses		2,175,951	1,904,986
Medical expenses		151,651	222,624
Miscellaneous expenses		1,971,919	1,309,042
Periodicals expenses		25,805	27,790
Office maintenance		399,515	382,316
Postage and parcel expenses		800,133	798,241
Printing and stationeries		2,443,057	1,616,204
Professional fees		202,000	105,250
Rent expenses - Dhaka office		7,730,448	7,730,448
Rent, rates, license, renewal and others fee		2,656,522	2,412,746
Repair and maintenance		1,663,006	1,113,318
Security cost - Ansar cost		462,256	489,030
Fooding expenses		3,490,548	2,048,242
Training expenses		-	23,104
Telephone		2,122,104	1,603,842
Travelling and conveyance		915,936	1,001,600
Vehicle maintenance expenses		915,033	815,500
		174,902,707	149,880,645
29.00 Selling and distribution expenses			
Salaries and allowances		25,002,190	19,842,603
Advertisement expenses		1,200,636	714,267
Carriage outward		34,021,657	25,997,796
Sales promotion expenses		16,913,424	13,500,812
Sample expenses	27.00	779,898	887,195
		77,917,805	60,942,673



	30 June 2022 Taka	30 June 2021 Taka
30.00 Finance cost		
Interest on bank loan and others	37,420,094	49,996,359
Bank charges and commission	14,985,656	15,022,790
	52,405,750	65,019,149
31.00 Finance income		
Interest earned from FDR	442,391	594,340
Interest earned from STD	75,895	89,053
Interest income from inter-company receivable	49,622,819	42,164,294
Gain/(Loss) on currency fluctuation	(45,240,285)	7,191,261
	4,900,820	50,038,948
32.00 Other income		
Rental income	1,560,000	1,560,000
Gain/(Loss) on sale of assets	(1,632,176)	11,777
Forfeiture of Provident Fund	1,082,783	-
Wastage Sales	1,121,637	958,573
	2,132,245	2,530,350
33.00 Reconciliation of cash provided by operations		
Profit before income tax	188,585,113	176,575,088
Depreciation charged	100,800,328	97,406,523
Amortization charged	286,680	499,345
(Gain)/loss on sale of property, plant and equipment	1,632,176	(11,777)
(Profit)/loss from investment in associates [Note - 7.06 (ii)]	-	15,482,411
Finance Income	(4,900,820)	(50,038,948)
Finance Cost	52,405,750	65,019,149
(Increase)/Decrease in Inventory	(168,904,648)	(128,736,912)
(Increase)/Decrease in Trade Receivables (after adjusting foreign currency fluctuation gain)	(417,981,247)	(117,336,412)
(Increase)/Decrease in other receivables	109,293	813,534
(Increase)/Decrease in Advances, Deposits and Pre-payments	(11,941,827)	(7,104,666)
Increase/(Decrease) in Trade and Other payables (after adjusting foreign currency fluctuation loss)	909,010,889	470,091,231
Increase/(Decrease) in provision of WPPF and WF	15,441,395	(19,118,236)
Increase/(Decrease) in the provision of gratuity	16,113,629	12,543,563
	680,656,713	516,083,894
34.00 Earnings Per Share (EPS)		
34.01 Basic Earnings Per Share		
The computation of EPS is given below:		
Total earnings attributable to the ordinary shareholders	165,725,403	156,945,148
Number of ordinary shares outstanding during the year	71,182,361	71,182,361
Weighted average number of ordinary shares outstanding during the year	71,182,361	71,182,361
Basic Earnings Per Share	2.33	2.20
34.02 Diluted EPS		
No diluted EPS was required to be calculated for the year since there was no scope for dilution of share during the year under review.		
34.03 Net Asset Value Per Share (NAV)		
Total Assets	4,647,796,044	3,761,638,857
Less: Liabilities	2,827,034,002	1,999,828,675
Net Asset Value (NAV)	1,820,762,042	1,761,810,182
Number of ordinary shares outstanding during the year	71,182,361	71,182,361
Net Assets Value (NAV) per share	25.58	24.75
34.04 Net operating cash flow per share		
Net cash provided by/(used in) Operating activities	638,661,525	468,631,446
Number of ordinary shares outstanding during the year	71,182,361	71,182,361
Net operating cash flow per share	8.97	6.58
34.05 Net operating cash flow per share increased due to increase of collection from customers.		



34.06 Changes in EPS

Earning per share (EPS) increased due to Revenue from export sales increased significantly.

35.00 Contingent liabilities and commitment

Contingent liabilities and commitment at the reporting date are as follows

	30 June 2022 Taka	30 June 2021 Taka
35.01 Bank guarantee		
Bank Asia Limited	9,369,565	9,369,565
EXIM Bank Limited	-	-
	<u>9,369,565</u>	<u>9,369,565</u>
35.02 L/C liabilities		
Bank Asia Limited	610,392,787	376,138,511
Standard Chartered Bank	28,342,823	65,882,666
Southeast Bank Limited	193,230,805	105,931,885
	<u>831,966,414</u>	<u>547,953,063</u>

35.03 Capital expenditure commitment

There is no capital expenditure commitment as at 30 June 2022.

36.00 Directors' interest in contracts with the company

There was no transaction resulting in Directors' interest with the company.

37.00 Credit facility not availed

There was no credit facility available to the company under any contract, but not availed as on 30 June 2022 other than trade credit available in the ordinary course of business.

38.00 Related party transactions

In accordance with IAS-24 : Related Party Disclosures, key management personnel of the company are those persons having the authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly.

38.01 Key Management Personnel Compensation

Short term employee benefits
Post employment benefits
Other benefits

30 June 2022 Taka	30 June 2021 Taka
4,300,000	2,600,000
-	-
-	-
<u>4,300,000</u>	<u>2,600,000</u>

Key management personnel compensation includes benefits for employees of the rank of Director and above.

Director's remuneration and festival bonus is given to the Managing Director only. Board meeting attendance fees are given to all the Directors. During the year 2021-2022, Managing Director's remuneration was BDT-42,00,000, and festival bonus was BDT-1,00,000, in the year 2020-2021 it was BDT-24,00,000. Attendance fees in connection with Board of Directors Meeting was BDT-2,00,000 during the year 2021-2022, it was 1,00,000 in the year 2020-2021.

38.02 During the year the Company carried out a number of transactions with related parties in the normal course of business on an arms' length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of IAS-24: Related Party Disclosures.

SL No.	Name of the Related Parties	Relationship	Nature of Transactions	Balance as on 01 July 2021	Transaction during the year (Net)	Balance as on 30 June 2022
1	KDS Apparels Limited	Common directorship	Receivable against Sales	-	-	-
2	KDS Fashion Limited	Common directorship	Receivable against Sales	67,967,599	28,946,039	96,913,638
3	KDS Garment Inds. Limited	Common directorship	Receivable against Sales	41,393,059	13,167,326	54,560,385
4	KDS IDR Limited	Common directorship	Receivable against Sales	87,389,599	43,452,761	130,842,360
5	KDS Poly Ind. Limited	Common directorship	Short Term Loan	(185,241)	59,029,699	58,844,458
6	KDS Thread Limited	Common directorship	Short Term Loan	394,075,968	61,600,547	455,676,515



39.00 Board of Directors (BOD) meetings and attendance

Name of Directors	Designation	Number of Meetings Held	Attendance
Mr. Khalilur Rahman	Chairman	8	8
Mr. Salim Rahman	Managing Director	8	8
Ms. Tahsina Rahman	Director	8	8
KDS Garment Industries Limited (Represented by Mr. Kamrul Hasan, FCA)	Director	8	8
Professor Sarwar Jahan	Independent Director	8	8

40.00 Events after the reporting period :

40.01 The Board of Directors at the meeting held on 02 October 2022 has recommended 16% cash dividend for the year ended 30 June 2022.

40.02 Calculation of minimum amount to be distributed as dividend as per income tax law:

As per Section 16G of ITO-1984, as a listed company, KDS Accessories Limited shall declare and distribute at least 30% of its net profit after tax as dividend (as per section 16F, stock and cash) to its shareholders otherwise 10% tax shall be imposed on the total amount of retained earnings, fund, reserve or surplus.

Distributable Profit	165,725,403
Minimum dividend percentage as per section 16G of the ITO, 1984	30%
Minimum dividend amount to be distributed as per section 16G of the ITO, 1984	<u>49,717,621</u>

30 June 2022	30 June 2021
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41.00 Employee position of KDS Accessories Limited

Number of employees whose monthly salary was below Tk. 8,000

Number of employees whose monthly salary was above Tk. 8,000

-	-
1,214	1,171
<u>1,214</u>	<u>1,171</u>

42.00 Quantitative information of production capacity for the year ended 30 June 2021

Particulars	Unit	30 June 2022			30 June 2021		
		Production Capacity	Actual Production	Capacity Utilization in (%)	Production Capacity	Actual Production	Capacity Utilization in (%)
Carton	Pcs	31,750,000	30,291,920	95.41%	30,000,000	19,370,444	64.57%
Label	Pcs	175,964,208	77,342,085	43.95%	175,964,208	51,629,786	29.34%
Elastics and Narrow Fabrics	Yards	35,376,000	29,278,920	82.76%	30,576,000	19,654,644	64.28%
Offset Printing	Pcs	150,009,600	74,189,379	49.46%	150,009,600	48,958,885	32.64%
Heat Transfer Printing	Pcs	24,960,000	6,646,061	26.63%	24,960,000	2,805,001	11.24%
Button	GG	360,000	234,793	65.22%	360,000	108,741	30.21%
Gum Tape	Pcs	4,290,000	830,649	19.36%	4,290,000	819,877	19.11%
Hanger	Pcs	45,000,000	20,894,312	46.43%	45,000,000	20,484,620	45.52%

For calculation of capacity utilization, weighted average of actual production capacity of each product has been considered.

43.00 Financial instruments- Financial risk management

International Financial Reporting Standard IFRS 7 - Financial Instruments: Disclosures - requires disclosure of information relating to both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the company's policies for controlling risks and exposures.

The management 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 analyze 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. This note presents information about the company's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk



43.01 Credit risk

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

(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 as follows:

	30 June 2022 Taka	30 June 2021 Taka
Investments in FDRs (Short term & long term)	7,180,832	9,665,421
Advances, deposits and prepayments	88,234,598	66,483,490
Trade and other receivables	1,615,066,398	1,057,993,011
Due from affiliated companies	514,520,973	394,075,968
Cash at bank	269,412,178	231,549,263
	<u>2,494,414,980</u>	<u>1,759,767,152</u>

(i) Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which customers operate. However, based on the company's operations there is no concentration of credit risk.

Ageing of trade receivables

The ageing of gross value at the reporting date that was not impaired was as follows:

	30 June 2022 Taka	30 June 2021 Taka
Dues within 3 Months	645,907,162	433,608,178
Dues over 3 Months	968,860,742	623,972,744
	<u>1,614,767,904</u>	<u>1,057,580,922</u>

The management believes that the amounts are collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

(ii) Due from affiliated companies

The carrying amount represents amount paid to one of the inter companies to meet its operational finance from time to time. The outstanding balance is redeemable including 7% (30 June 2021: 9%) interest per annum and has no prescribed repayment schedule.

(iii) Cash and cash equivalents

The company held cash at bank of Tk. 269,412,178 at 30 June 2022 (2021: Tk. 231,549,263), which represents its maximum credit exposure on these assets. The balance with banks are maintained with both local branch of International banks and domestic scheduled banks.

(b) Credit exposure by credit rating

	30 June 2022		
	Credit rating	Taka	(%)
Trade receivables	NR	1,614,767,904	81.83%
Other receivables	NR	298,495	0.02%
Advances, deposits and prepayments	NR	88,234,598	4.47%
Cash and cash equivalents			0.00%
Cash in hand		727,429	0.04%
Cash at Banks		269,412,178	13.65%
Bank Asia Limited	AA2	121,589,584	45.13%
Dutch Bangla Bank Limited	AA+	4,945,668	1.84%
HSBC	AAA	123,806	0.05%
Mutual Trust Bank Limited	AA	102,860	0.04%
National Credit & Commerce Bank	AA	3,726	0.00%
Standard Chartered Bank	AAA	1,589,234	0.59%
Trust Bank Limited	AA2	1,112	0.00%
Southeast Bank Limited	AA	1,633	0.00%



43.02 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to Liquidity risk

The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	Carrying amount	Interest rate	Contractual cash flows			
			Within 12 months	1 to 5 Years	More than 5 years	Total
As at 30 June 2022	Taka	Percentage	Taka	Taka	Taka	Taka
Long term borrowings	135,546,851	5.5%-8.5%	33,870,307	101,676,544	-	135,546,851
Trade and other payable	2,359,435,822	N/A	2,359,435,822	-	-	2,359,435,822
Unclaimed dividend	861,655	N/A	861,655	-	-	861,655
Due to affiliated companies	-	7.00%	-	-	-	-
Short term bank loan	76,098,256	6.00%	76,098,256	-	-	76,098,256
Provision for WPPF and Welfare Fund	72,884,376	11.25%	72,884,376	-	-	72,884,376
	2,644,826,961		2,543,150,417	101,676,544	-	2,644,826,961
As at 30 June 2021						
Long term borrowings	63,477,870	9.00%	17,163,975	46,313,895	-	63,477,870
Trade and other payable	1,260,020,069	N/A	1,260,020,069	-	-	1,260,020,069
Unclaimed dividend	870,788	N/A	870,788	-	-	870,788
Due to affiliated companies	185,241	9.00%	185,241	-	-	185,241
Short term bank loan	444,672,467	3.20%-9.00%	444,672,467	-	-	444,672,467
Provision for WPPF and Welfare Fund	57,442,981	11.25%	57,442,981	-	-	57,442,981
	1,826,669,415		1,780,355,520	46,313,895	-	1,826,669,416

43.03 Market risk

Market risk is the risk that changes in market prices such as foreign exchange 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 optimizing the return.

(a) Currency risk exposure and its management

The company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the company.

As at 30 June 2022, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

(i) Exposure to currency risk

As at 30 June 2022

Foreign currency denominated assets

	Eur	GBP	USD	Taka
Cash and cash equivalents	-	-	177,657	16,433,281
Trade receivables	-	-	17,456,950	1,614,767,904
	-	-	17,634,607	1,631,201,185

Foreign currency denominated liabilities

Liability for Local Documentary Bill Purchase (LDBP)	-	-	813,885	76,098,256
Liability for Accepted Bills for Payment (ABP)	227,590	-	22,601,672.00	2,134,536,022
	227,590	-	23,415,557	2,210,634,278
Net exposure	(227,590)	-	(5,780,949)	(579,433,093)

As at 30 June 2021

Foreign currency denominated assets

	Eur	GBP	USD	Taka
Cash and cash equivalents	-	125	92,167	7,751,792
Trade receivables	-	-	12,597,748	1,057,580,923
	-	125	12,689,915	1,065,332,715

Foreign currency denominated liabilities

Liability for Local Documentary Bill Purchase (LDBP)	-	-	2,938,651	249,638,436
Liability for Accepted Bills for Payment (ABP)	-	-	12,379,547	1,051,642,511
	-	-	15,318,197	1,301,280,948
Net exposure	-	125	(2,628,282)	(235,948,232)



The company has translated all of its monetary items in foreign currency at the end of its accounting period by using two different rates since the bank offering two different rates for settling its assets and liabilities in foreign currency.

The following significant exchange rate is applied during the year:

	30 June 2022	30 June 2021
US Dollar		
For denoting asset in foreign currency	92.50	83.85
For denoting liabilities in foreign currency	93.50	84.95
Eur		
For denoting asset in foreign currency	-	-
For denoting liabilities in foreign currency	99.75	103.24

Being a 100% export oriented company, the company can directly mitigate foreign currency risk exposure by tradeoff between import and export.

(ii) Sensitivity analysis

A reasonably possible strengthening (weakening) of the GBP and US Dollar against BD Taka at the reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	30 June 2022		30 June 2021	
	Profit or loss		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
USD (2% movement)	(10,752,552)	10,752,552	(4,439,157)	4,439,157
GBP (2% movement)	-	-	288	(288)

(b) Transaction risk

Transaction risk is the risk that the company will incur exchange losses when the accounting results are translated into the home currency.

(c) Economic risk

Economic risk refers to the effect of exchange rate movements on the international competitiveness of the company.

(d) Interest risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimize the risks surrounding interest payments and receipts.

Exposure to interest rate risk

The interest rate profile of the company's interest-bearing financial instruments as reported to the management of the company is as follows.

	30 June 2022	30 June 2021
	Taka	Taka
Fixed- rate instruments		
Financial assets	521,701,805	403,741,389
Financial liabilities	(211,645,107)	(508,150,337)
	310,056,698	(104,408,948)
Variable- rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	-	-

(e) Other market price risk

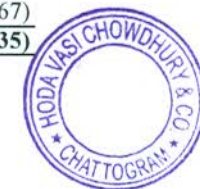
The company is exposed to equity price risk, which arises from available for sale equity and debt securities. Management of the company monitors its investment portfolio based on market indices and all buy and sell decisions are approved by the Directors.



44.00 Financial Instruments- Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount					
		Fair value through Profit or loss	Held to Maturity	Loans and Receivables	Available for Sale	Other financial Liabilities	Total
<u>30 June 2022</u>	Note ref.	Taka	Taka	Taka	Taka	Taka	Taka
Financial assets not measured at fair value							
Trade and other receivables	10 & 11	-	-	1,615,066,398	-	-	1,615,066,398
Due from affiliated companies	13	-	-	514,520,973	-	-	514,520,973
Investments in FDR	8 & 14	-	-	-	7,180,832	-	7,180,832
Cash at bank	15.02	-	-	269,412,178	-	-	269,412,178
		-	-	2,398,999,549	7,180,832	-	2,406,180,382
Financial liabilities not measured at fair value							
Long term borrowings	17	-	-	-	-	(135,546,851)	(135,546,851)
Trade and other payables	20	-	-	-	-	(2,359,435,822)	(2,359,435,822)
Unclaimed dividend	21	-	-	-	-	(861,655)	(861,655)
Due to affiliated companies	23	-	-	-	-	-	-
Short term liabilities	24	-	-	-	-	(76,098,256)	(76,098,256)
		-	-	-	-	(2,571,942,585)	(2,571,942,585)
 30 June 2021							
Financial assets not measured at fair value							
Trade and other receivables	10 & 11	-	-	1,057,993,010	-	-	1,057,993,010
Due from affiliated companies	13	-	-	394,075,968	-	-	394,075,968
Investments in FDR	8 & 14	-	-	-	9,665,421	-	9,665,421
Cash at bank	15.02	-	-	231,549,263	-	-	231,549,263
		-	-	1,683,618,241	9,665,421	-	1,693,283,663
Financial liabilities not measured at fair value							
Long term borrowings	17	-	-	-	-	(63,477,870)	(63,477,870)
Trade and other payables	20	-	-	-	-	(1,260,020,069)	(1,260,020,069)
Due to affiliated companies	23	-	-	-	-	(185,241)	(185,241)
Unclaimed dividend	21	-	-	-	-	(870,788)	(870,788)
Short term liabilities	24	-	-	-	-	(444,672,467)	(444,672,467)
		-	-	-	-	(1,769,226,434)	(1,769,226,435)



45.00 Related Notes for Statement of Cash Flows

	Note (s)	30 June 2022 Taka	30 June 2021 Taka
45.01 Received from customers			
Revenue	26	3,199,681,329	2,217,942,652
Increase in Trade Receivables	10	(557,186,981)	(123,005,336)
Foreign currency fluctuation gain/(loss)	10	139,205,734	5,668,924
		2,781,700,082	2,100,606,240
45.02 Received from other sources			
Other income	32	3,764,421	2,518,573
(Increase)/ Decrease in other receivables	11	109,293	813,534
		3,873,714	3,332,107
45.03 Paid to suppliers			
Cost of Sales	27	(2,702,977,487)	(1,793,318,558)
Increase in Inventory	9	(168,904,648)	(128,736,912)
Increase in Trade & Other payables (Supplies)	20.01	1,084,676,069	450,294,779
Gain/(loss) on currency fluctuation	31	(190,404,865)	1,242,472
Depreciation of factory overhead	27.02	80,640,264	77,925,220
		(1,896,970,667)	(1,392,592,999)
45.04 Paid for operating expenses			
Administrative, Selling and Distribution Expenses	28 & 29	(252,820,512)	(210,823,318)
Increase /(Decrease) in Trade and Other payables (For expenses)	20.02	15,150,259	17,898,588
Decrease in Trade and Other payables (For finance)	20.03	(410,574)	655,394
(Increase) / Decrease in Advances, Deposits and Pre-payments	12	(21,751,108)	(1,542,340)
Advance Income Tax	12.01.01	9,809,282	(5,562,326)
Amortization	28	286,680	499,345
Depreciation (Operating expenses)	28	20,160,065	19,481,304
Provision for Gratuity	18	16,113,629	12,543,563
Paid to workers participation and welfare fund	25	-	(36,138,324)
Unpaid Interest of WPPF and WF	25	5,515,863	7,726,661
		(207,946,417)	(195,261,453)
45.05 Interest paid (net)			
Financial Expenses	30	(52,405,750)	(65,019,149)
Interest income from inter-company receivable	31	49,622,819	42,164,294
Interest on STD	31	75,895	89,052
Interest on FDR	31	442,391	594,340
Accrued interest income on FDR	11	4,299	166,061
		446,690	760,401
		(2,260,346)	(22,005,401)



	<u>Note (s)</u>	30 June 2022 Taka	30 June 2021 Taka
45.06 Income tax paid			
(Increase)/decrease in current tax liability	22	(1,111,228)	(273,915)
Provided during the period	22	(28,814,331)	(30,735,459)
Increase/(decrease) in advance for tax	12	(9,809,282)	5,562,326
		<u>(39,734,841)</u>	<u>(25,447,048)</u>
45.07 Acquisition of property, plant and equipment			
Addition of property, plant and equipment during the period	4	(199,940,829)	(16,916,244)
Capitalized during the year	6	148,445,909	1,135,458
Adjustment during the year	6	-	-
Addition in capital work-in-progress	6	(35,618,816)	(139,109,336)
		<u>(87,113,736)</u>	<u>(154,890,121)</u>
45.08 Proceed from sale of non-current assets			
Disposal during the year	4	7,865,039	726,712
Adjustment for depreciation	4	(4,649,698)	(701,871)
Gain/(Loss) on sale of assets	32	(1,632,176)	11,777
		<u>1,583,165</u>	<u>36,618</u>
45.09 Increase in investments			
Investment in FDR (Long term)	8	(266,329)	950,357
Investment in FDR (Short term)	14	2,750,918	4,844,829
		<u>2,484,589</u>	<u>5,795,186</u>
45.10 Dividend paid			
Cash dividend declared & disbursed	21	(106,773,541)	(49,662,115)
Increase/(decrease) in unclaimed dividend	21	(9,133)	335,108
		<u>(106,782,674)</u>	<u>(49,327,007)</u>
45.11 Receipt/(repayment) of long term borrowings	17	72,068,981	(10,514,538)
45.12 Receipt/(repayment) of short term borrowings	24	(368,574,211)	(97,439,515)
45.13 Short term loan receipt/(paid) from/to affiliated companies			
Short term loan paid to affiliated companies	13	(120,445,005)	(120,272,298)
Short term loan receipt from affiliated companies	23	(185,241)	185,241
		<u>(120,630,245)</u>	<u>(120,087,057)</u>
45.14 Effect of foreign exchange rate changes in cash and cash equivalent		5,958,846	279,866

