

Singer Bangladesh Limited

Independent Auditor's Report and
Financial Statements as at and for
the year ended 31 December 2022



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Independent Auditor's Report

To the Shareholders of Singer Bangladesh Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of 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.

1. Revenue recognition	
See note 19 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>Revenue recognition has significant and wide influence on financial statements.</p> <p>Revenue is recognised when amounts and the related costs of goods are reliably measured, and performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognised at the time when the goods are dispatched for delivery to the distributor or handed over to the customers. The Company makes sales on cash, credit and installment basis.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • Evaluation of design and implementation of key internal financial controls with respect to the revenue recognition and testing the operating effectiveness of such controls. • Substantive testing of revenue recorded over the period using sampling techniques, by examining the relevant supporting documents including sales invoices, agreements and outbound delivery notes.



Independent Auditor's Report (continued)

<p>A substantial part of the Company's revenue is derived from retail sales through a large number of outlets and comprises high volume of individually small transactions which increase the risk of revenue being recognised inappropriately.</p> <p>Revenue recognition has been identified as a key audit matter because revenue is one of the key performance indicators of the Company and thus there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>The Company has reported total revenue of BDT 17,097 million (31 December 2021: BDT 15,813 million) in current year.</p>	<ul style="list-style-type: none"> • Testing sales transactions recognised shortly before and after the reporting date, including the sales returns recorded after that date, to test whether sales transactions were recorded in the correct reporting period. Through testing of IT application controls checking that all invoices are sequential.
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2. Recoverability of trade receivables

See note 9 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Company had trade receivables of BDT 2,901 million (31 December 2021: BDT 2,547 million) at 31 December 2022.</p> <p>When management determines expected credit loss rate and the expected recoverable amount of receivables, they consider the internal historical credit loss experience, current status, and forward-looking information, which involves significant accounting estimates and judgments, and the amount of impact is significant. Furthermore, allowance for doubtful debt is processed manually using voluminous data extracted from the Company's IT systems.</p> <p>Due to the high level of judgment and estimation uncertainty involved, as well as the manual process in estimating the provision, this has been considered as a key audit matter.</p>	<p>Our audit procedures around recoverability of receivables included:</p> <ul style="list-style-type: none"> • Evaluation of design and implementation of key control of reviewing, assessing and determining the impairment of receivables and testing the operating effectiveness of such controls. • Evaluation of appropriateness of management's method for classifying receivables into different categories for impairment testing. • Evaluation of appropriateness of expected credit loss model used by management to determine provision with reference to historical credit loss experience and forward-looking information. • Recalculation of provision of doubtful debt. • Test of invoices/agreements on sample basis to ensure the completeness and accuracy of receivables ageing.

Independent Auditor's Report (continued)

3. Valuation of inventory	
See note 8 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Company manufactures and sells goods that are subject to changing consumer demands.</p> <p>A significant degree of judgment is required to assess provision of the inventories. Such judgment includes considering the Company's expectations for future sale volumes and prices.</p> <p>Due to the high level of judgment and estimation uncertainty involved, inventory provision has been considered as a key audit matter.</p> <p>The Company has recognised a total inventory provision of BDT 119 million (31 December 2021: BDT 119 million) at 31 December 2022.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • Evaluation of methodology and management judgement to determine the provision for inventories. • Recalculation of provision for inventory on sample basis and comparison with management calculation. • Evaluation, on a sample basis, whether inventories were stated at the lower of cost or net realisable value at the reporting date by comparing sales prices of inventories sold subsequent to that date.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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



Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 2020, we also report the following:

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

The engagement partner on the audit resulting in this independent auditor's report is Ali Ashfaq.

Ali Ashfaq, Partner, Enrolment number: 509
Rahman Rahman Huq, Chartered Accountants
Firm Registration Number: N/A

Dhaka, 26 January 2023

DVC: **2301290509AS507489**



Singer Bangladesh Limited
Statement of financial position

<i>In BDT</i>	<i>Note</i>	31 December 2022	31 December 2021
Assets			
Property, plant and equipment	3	1,927,647,142	1,638,340,756
Intangible assets	4	19,072,563	23,185,096
Right-of-use (ROU) assets	5	2,707,602,753	1,370,847,349
Investments	6	4,199,450	4,199,450
Deferred tax assets	13	39,882,238	47,986,028
Advances, deposits and prepayments	7	30,574,208	29,370,808
Non-current assets		4,728,978,354	3,113,929,487
Inventories	8	5,875,357,332	5,749,679,119
Trade and other receivables	9	3,033,961,864	2,790,275,337
Advances, deposits and prepayments	7	734,407,422	518,793,812
Current tax assets	18	651,246,061	451,034,013
Cash and cash equivalents	10	213,334,001	173,389,682
Current assets		10,508,306,680	9,683,171,963
Total assets		15,237,285,034	12,797,101,450
Equity			
Share capital	11	997,028,380	997,028,380
Reserves	12	689,176,068	563,177,930
Retained earnings		1,302,309,329	1,836,014,514
Total equity		2,988,513,777	3,396,220,824
Liabilities			
Defined benefit obligations	14	6,754,010	5,310,705
Lease liabilities	5	962,808,317	901,271,493
Other liabilities	15	2,150,133,311	2,000,639,212
Non-current liabilities		3,119,695,638	2,907,221,410
Unclaimed dividend		17,660,681	12,421,891
Trade and other payables	16	3,069,805,587	1,689,648,228
Short-term borrowings - secured	17	5,837,248,081	4,644,314,297
Lease liabilities	5	204,361,270	147,274,800
Current liabilities		9,129,075,619	6,493,659,216
Total equity and liabilities		15,237,285,034	12,797,101,450
Net Asset Value (NAV) per share	34	29.97	34.06

The notes and annexures on pages 10 to 56 are an integral part of these financial statements.


Mohamed Haniffa Mohamed Fairuz
Managing Director


Masud Khan
Director


Kazi Ashiqur Rahman
Company Secretary

As per our report of same date



Auditor

Dhaka, 26 January 2023



Ali Ashfaq, Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

DVC: 2301290509AS507489

Singer Bangladesh Limited

Statement of profit or loss and other comprehensive income

For the year ended 31 December
In BDT

	Note	2022	2021
Sales		17,056,944,338	15,776,359,213
Earned carrying charges		39,746,085	36,630,193
Turnover	19	17,096,690,423	15,812,989,406
Cost of sales	20	(13,166,298,013)	(11,718,070,718)
Gross profit		3,930,392,410	4,094,918,688
Operating expenses	21	(3,169,801,323)	(2,863,853,896)
Other income	22	181,998,785	58,990,020
Operating profit		942,589,872	1,290,054,812
Finance income		4,791,341	8,606,048
Finance costs		(549,336,171)	(376,634,438)
Net finance costs	23	(544,544,830)	(368,028,390)
Profit before contribution to workers' profit participation fund		398,045,042	922,026,422
Contribution to workers' profit participation fund	24	(19,902,252)	(46,101,321)
Profit before taxation		378,142,790	875,925,101
Income tax expense	25	(305,034,630)	(357,450,681)
Profit after tax		73,108,160	518,474,420
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability, net of tax	14 & 25.3	(11,588,093)	(17,392,159)
Gain on revaluation of Land and Buildings, net of tax	Annex-3 & Note 25.2	128,316,765	-
Other comprehensive income/(expense) for the year, net of tax		116,728,672	(17,392,159)
Total comprehensive income for the year		189,836,832	501,082,261
Earnings per share (EPS)	30	0.73	5.20

The notes and annexures on pages 10 to 56 are an integral part of these financial statements.


Mohamed Haniffa Mohamed Fairouz
Managing Director


Masud Khan
Director


Kazi Ashiqur Rahman
Company Secretary

As per our report of same date

Dhaka, 26 January 2023


Auditor

Ali Ashfaq, Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A



DVC: 2301290509AS507489

Singer Bangladesh Limited
Statement of changes in equity

For the year ended 31 December 2022		Non-distributable				Total equity
	Share capital	Revaluation reserve	Capital reserve	Non-remittable special reserve	special reserve	
<i>In BDT</i>	11	12.1	12.2	12.3	12.4	
Note >						
Balance at 1 January 2021	997,028,380	547,083,347	18,190,942	370,178	232,847	1,893,022,627
Adjustment for Amalgamation	-	-	-	-	-	(262,581,245)
Total comprehensive income	-	-	-	-	-	518,474,420
Profit	-	-	-	-	-	(17,392,159)
Other comprehensive income	-	-	-	-	-	-
Gain on revaluation of Land and Buildings	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	501,082,261
Transaction with owners of the Company						
Contributions and distributions						
Dividends:						
Cash dividend- 2020	-	-	-	-	-	(299,108,515)
Total contributions and distributions	-	-	-	-	-	(299,108,515)
Adjustment for deferred tax arising from revaluation of Land and Buildings	-	(2,699,384)	-	-	-	900,002
Transfer of depreciation on revaluation surplus	-	(2,699,384)	-	-	-	2,699,384
Balance at 31 December 2021	997,028,380	544,383,963	18,190,942	370,178	232,847	1,836,014,514
Balance at 1 January 2022	997,028,380	544,383,963	18,190,942	370,178	232,847	1,836,014,514
Adjustment for Amalgamation	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	73,108,160
Profit	-	-	-	-	-	(11,588,093)
Other comprehensive income	-	-	-	-	-	-
Gain on revaluation of Land and Buildings	-	128,316,765	-	-	-	128,316,765
Total comprehensive income for the year	-	128,316,765	-	-	-	61,520,067
Transaction with owners of the Company						
Contributions and distributions						
Dividends:						
Cash dividend- 2021	-	-	-	-	-	(598,217,030)
Total contributions and distributions	-	-	-	-	-	(598,217,030)
Adjustment for deferred tax arising from revaluation of Land and Buildings	-	(2,318,627)	-	-	-	673,151
Transfer of depreciation on revaluation surplus	-	(2,318,627)	-	-	-	2,318,627
Balance at 31 December 2022	997,028,380	670,382,101	18,190,942	370,178	232,847	1,302,309,329
						2,988,513,777

The notes and annexures on pages 10 to 56 are an integral part of these financial statements.



Singer Bangladesh Limited
Statement of cash flows

For the year ended 31 December
In BDT

	Note	2022	2021
Cash flows from operating activities			
Collections from turnover and other income		19,685,285,330	18,097,677,105
Payments for costs and expenses		(17,322,575,018)	(19,180,546,524)
Payments to workers' profit participation fund		(46,101,321)	(58,540,556)
Income tax paid	18.1	(503,416,315)	(514,048,421)
Net cash from/(used in) operating activities	35	1,813,192,676	(1,655,458,396)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(331,161,275)	(394,176,446)
Acquisition of ROU assets		(1,378,254,616)	(87,564,500)
Acquisition of Intangible assets		(656,250)	(4,275,390)
Dividend received from CDBL	22	1,427,952	1,427,952
Proceeds from sale of property, plant and equipment	Annex-1	3,675,942	1,400,585
Net cash used in investing activities		(1,704,968,247)	(483,187,799)
Cash flows from financing activities			
Term loan received/(repayment)		-	(14,214,569)
Interest paid on borrowings/lease		(498,644,830)	(383,730,601)
Lease liability (principal repayment)		(289,190,108)	(237,054,792)
Dividends paid		(473,378,956)	(263,908,194)
Net cash used in financing activities		(1,261,213,894)	(898,908,156)
Net increase/(decrease) in cash		(1,152,989,465)	(3,037,554,351)
Cash and cash equivalents at 1 January		(4,470,924,615)	(1,433,370,264)
Cash and cash equivalents at 31 December		(5,623,914,080)	(4,470,924,615)
Closing cash and cash equivalents have been arrived at as follows:			
Cash and cash equivalents	10	213,334,001	173,389,682
Short-term borrowings - secured (bank overdrafts)	17	(5,837,248,081)	(4,644,314,297)
		(5,623,914,080)	(4,470,924,615)
Net operating cash flow per share (NOCFPS)	35.1	18.19	(16.60)

The notes and annexures on pages 10 to 56 are an integral part of these financial statements.



1 Reporting entity

1.1 Company profile

Singer Bangladesh Limited ("the Company") was incorporated in Bangladesh as a private limited company on 4 September 1979 under the Companies Act 1913. It was converted into a public limited company in 1983 when it offered its shares to the public with the requisite permission from the Government. It has been a direct subsidiary of Retail Holdings Bhold B.V., The Netherlands since 2003. The shares of the Company are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The address of the registered office of the Company is 39 Dilkusha Commercial Area, Dhaka-1000, Bangladesh.

1.2 Nature of business

Principal activities of the Company throughout the year were manufacturing of panel televisions, air conditioners, washing machines and grinders; and marketing of refrigerators, televisions, air conditioners, sewing machines, computers, washing machines and other consumer electronics and household appliances. The manufacturing plant of the Company is situated at Rajfulbaria, Jhamur, Savar, Dhaka-1347 and Koulasur, Hemayetpur, Savar, Dhaka-1348.

1.3 Amalgamation with International Appliances Limited (IAL)

The Hon'ble High Court Division of the Supreme Court of Bangladesh has sanctioned a scheme of Amalgamation under which International Appliances Limited has been amalgamated with Singer Bangladesh Limited ("the Company"), while the Company shall survive.

i) Name and description of acquirer

Singer Bangladesh Limited (hereinafter referred to as the "Transferee Company" or "SBL") was incorporated in Bangladesh as a private limited company on 4 September 1979 under the Companies Act 1913. It was converted into a public limited company in 1983 when it offered its shares to the public with the requisite permission from the Government. It has been a direct subsidiary of Retail Holdings Bhold B.V., The Netherlands since 2003. The shares of the Company are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The address of the registered office of the Company is 39 Dilkusha Commercial Area, Dhaka 1000, Bangladesh.

SBL was incorporated for the purpose of carrying on the business of manufacturing of panel televisions, air conditioners, washing machine and grinder and marketing of refrigerators, televisions, air conditioners, sewing machines, computers, washing machines and other consumer electronics and household appliances. The manufacturing plant of the Company is situated at Rajfulbaria, Jhamur, Savar, Dhaka 1347.

ii) Name and description of acquiree

International Appliances Limited (hereinafter referred to as the "Transferor Company" or "IAL") was incorporated on 23 December 2014 under Companies Act 1994 as a joint venture with a local investor and an another foreign investor. It has been an associate of Singer Bangladesh Limited (SBL) since inception. SBL acquired the Company as a subsidiary on 16 October 2017. On 27 February 2019 it became fully owned subsidiary of Singer Bangladesh Limited. The address of the registered office of the Company IAL is Mousa Koulashur, Hemayetpur, Savar, Dhaka, Bangladesh.

IAL was incorporated for the purpose of carrying on the business of manufacturing and selling of refrigerators of different capacities, models and types with a brand of "Singer" for exclusive marketing by Singer Bangladesh Limited. The manufacturing plant of the Company is situated at Mousa Koulashur, Hemayetpur, Savar, Dhaka, Bangladesh.

iii. Acquisition date

As per the Judgment and order dated 1 February 2021 passed by Hon'ble High Court Division of the Supreme Court of Bangladesh in the Company Matter No. 167 of 2020, acquisition date was 14 March 2021.

iv. Percentage of voting equity interest acquired

Singer Bangladesh Limited acquired 100% of voting interest of International Appliances Limited.



2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 2020 and other applicable laws and regulations in Bangladesh. Cash flows from operating activities are prepared under direct method as prescribed by the Securities and Exchange Rules 2020.

These financial statements have been prepared on accrual basis following going concern concept under historical cost convention as modified to include the revaluation of land and buildings under property, plant and equipment. The initial recognition of financial instruments at fair value and the gratuity scheme which was measured based on actuarial valuation. The financial statements provide comparative information in respect of the previous period and have been prepared on going concern basis.

Details of the Company's accounting policies including changes during the year, if any, are included in Note 38.

Date of authorisation

The management has authorised these financial statements on 25 January 2023.

2.2 Going concern

The Company has adequate resources to continue in operation for foreseeable future and hence, these financial statements have been prepared on going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

2.3 Impact of COVID-19 and Ukraine-Russia war

In view of the current Pandemic of COVID-19, the management of the Company makes critical estimates and judgments of matters including but not limited to business plan and forecast to support going concern assumption, revenue recognition (IFRS 15), inventory valuation (IAS 2), impairment assessment (IAS 36), onerous contract (IAS 37), debt servicing and compliance with covenants (IFRS 7) etc. In addition, management is aware that any modifications in contract may result changes in terms of financial assets and liabilities (IFRS 9), leases (IFRS 16), compensation arrangements with employees (IAS 19) etc.

Despite decreasing infection and impact of COVID-19, preparation of reliable forecast information is still challenging as this can have pervasive impact across multiple elements of financial statements. The entity uses forecast information for multiple purposes such as, the impairment of non-financial assets, expected credit losses (ECL), fair value of assets and liabilities, change in net realizable value of inventory, the recoverability of deferred tax assets and the entity's ability to continue as a going concern.

The coronavirus (COVID-19) outbreak has greatly impacted the macroeconomic performance of the country over the last two years and the spillover impact being continued. It has further impacted the company's operations and its financial position during last 2 years (2020 and 2021). Although revenue has exceeded for all quarters of 2022's result from that of 2021, net result has greatly fallen short for the periods. In Q1 2022, spreading of Omicron variant of COVID-19 further created uncertainty for the future and sales fell short of expectation. Just as the economy started to regain traction after the effects of the coronavirus pandemic, the crisis in Ukraine caused to limit trade opportunities in the region with possible spillover adversities for Bangladesh's economy, both directly and indirectly. The most immediate impact on the economy was to increase of energy and food grain prices which have repercussions on the economy. As a result, decreasing trend in sales quantity has been observed (for most of the products) than it was expected.



Along with the COVID-19 and Ukraine crisis the effect of local currency devaluation against USD caused a lot of difficulties to all businesses during the 2nd half of the year. Still USD price is higher and businesses are finding difficulties in foreign trade settlements. Forex reserve has also decreased notably from the beginning of the year 2022. Overall economy of the country is passing tough time, indicated by local increase of energy prices, increasing trend of inflation (both food and non-food items) and lower foreign remittance flow for last couple of months. Along with rising trend of inflation in Bangladesh, prices of most of the commodities rocketed in the global markets because of demand recovery, an unprecedented level of shipping charges and supply chain constraints. Local increase of energy prices has created pressure on commuting expenses than before. Consumer spending on appliance products has decreased under this pressurised situation of the economy, where people are mostly prioritising the spending of their earnings to satisfy their basic needs like- food, housing, medical treatment etc.

Despite all these factors mentioned above, management thinks about the current economic and market condition in this post-pandemic scenario and Ukraine crisis and makes their forecast information (i.e. cash flow, production capacity, utilisation, etc.) in the hope that business will resume in its normal course of activities in coming days. Management strongly believes that, there is no need to re-evaluate/re-measure for the impairment of non-financial assets, fair value of assets and liabilities, any potential decrease in net realisable value of inventory, any adverse impact on employee benefits and employer obligations and the entity's ability to continue as a going concern except for some impact of incremental expected credit losses. For this impact of expected credit losses (ECL), management has been continuously evaluating for measurement and recognition of any excess losses on a monthly basis. However, there are improvements in the context of overdue receivable collections which are supporting the consideration of the reduction of any unusual incremental impact from the ECL point of view. Assessment for ECL is described in Note-31.2.1.2.

2.4 Functional and presentational currency

Financial statements of the Company are presented in Bangladesh Taka (BDT/Taka/Tk.), which is both functional and presentational currency of the Company. All amounts have been rounded to the nearest BDT, unless otherwise indicated.

2.5 Use of judgements and estimates

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

(a) Judgements

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

Note: 5.1 Right-of-use assets
Note: 5.2 Lease liabilities

(b) Assumptions and estimation uncertainties

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

Note: 3 Property, plant and equipment
Note: 8 Inventories
Note: 9 Provision for doubtful debts
Note: 14 Employee benefits
Note: 26 Contingent liabilities



2.6 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- i) expected to be realised or intended to be sold or consumed in normal operating cycle, or
- ii) expected to be realised within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- i) expected to be settled in normal operating cycle, or
- ii) due to be settled within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.



Notes to the financial statements (continued)

3 Property, plant and equipment

See accounting policy in Note 38 (F)

Reconciliation of carrying amount

In BDT	Land		Buildings		Factory		Leasehold improvements		Plant and machinery		Vehicles		Furniture and fixtures		Equipment and tools		CWIP (Note 3.1)		Total	
		Office	Factory	Office	Shops	Office	Shops	Office	Shops	Office	Shops	Office	Shops	Office	Shops	Office	Shops	Office		Shops
Cost																				
Balance at 1 January 2021	561,180,000	87,714,677	221,377,967	-	22,708,017	580,540,776	41,646,591	124,858,498	26,456,682	241,327,426	324,260	1,908,134,894								
Amalgamation of business	-	-	-	16,449,852	-	-	435,807,162	9,126,494	6,303,005	17,976,848	-	485,663,361								
Additions	-	-	-	-	-	40,314,139	164,327,043	38,040,926	537,500	20,594,649	280,815,835	544,630,092								
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-								
Disposals/transfers	-	-	-	-	-	(4,057,850)	-	(2,065,000)	(23,256)	(4,443,242)	(154,830,969)	(165,420,317)								
Balance at 31 December 2021	561,180,000	87,714,677	221,377,967	16,449,852	22,708,017	616,797,065	641,780,796	169,960,918	33,273,931	275,455,681	126,309,126	2,773,008,030								
Balance at 1 January 2022	561,180,000	87,714,677	221,377,967	16,449,852	22,708,017	616,797,065	641,780,796	169,960,918	33,273,931	275,455,681	126,309,126	2,773,008,030								
Additions	-	-	-	-	-	31,616,359	235,333,990	-	4,660,087	19,018,982	294,723,458	585,352,876								
Revaluation	115,415,000	14,220,287	5,628,055	-	-	-	-	-	-	-	-	135,263,342								
Disposals/transfers	-	-	-	-	-	(3,283,689)	-	(9,686,108)	-	(11,757,747)	(233,312,369)	(258,039,913)								
Balance at 31 December 2022	676,595,000	101,934,964	227,006,022	16,449,852	22,708,017	645,129,735	877,114,786	160,274,810	37,934,018	282,716,916	187,720,215	3,235,584,335								
Accumulated depreciation																				
Balance at 1 January 2021	-	56,405,144	200,748,144	-	14,419,325	276,014,835	31,248,365	84,998,667	12,835,336	149,011,841	-	825,681,657								
Amalgamation of business	-	-	-	6,423,345	-	-	162,772,735	3,040,227	1,889,933	5,307,903	-	179,434,143								
Depreciation for the year	-	3,130,953	4,125,965	1,361,866	1,310,976	31,269,158	61,564,100	11,662,355	1,718,903	22,110,215	-	138,254,491								
Adjustment for disposal/transfers	-	-	-	-	-	(2,716,353)	-	(1,877,470)	(4,403)	(4,104,791)	-	(8,703,017)								
Balance at 31 December 2021	-	59,536,097	204,874,109	7,785,211	15,730,301	304,567,640	255,585,200	97,823,779	16,439,769	172,325,168	-	1,134,667,274								
Balance at 1 January 2022	-	59,536,097	204,874,109	7,785,211	15,730,301	304,567,640	255,585,200	97,823,779	16,439,769	172,325,168	-	1,134,667,274								
Depreciation for the year	-	2,817,858	3,300,772	866,464	697,772	32,630,168	115,048,745	14,258,569	1,870,156	22,269,785	-	193,760,289								
Adjustment for disposal/transfers	-	-	-	-	-	(2,006,247)	-	(8,767,018)	-	(9,717,105)	-	(20,490,370)								
Balance at 31 December 2022	-	62,353,955	208,174,881	8,651,675	16,428,073	335,191,561	370,633,945	103,315,330	18,309,925	184,877,848	-	1,307,937,193								
Carrying amounts																				
At 1 January 2021	561,180,000	31,309,533	20,629,823	-	8,288,692	304,525,941	10,398,226	39,859,831	13,621,346	92,315,585	324,260	1,082,453,237								
At 31 December 2021	561,180,000	28,178,580	16,503,858	8,664,641	6,977,716	312,229,425	386,195,596	72,137,139	16,834,162	103,130,513	126,309,126	1,638,340,756								
At 1 January 2022	676,595,000	39,581,009	18,831,141	7,798,177	6,279,944	309,938,174	506,480,841	56,959,480	19,624,093	97,839,068	187,720,215	1,927,647,142								



Notes to the financial statements (continued)

3.1 Capital work in progress (CWIP)		Plant and machinery	Leasehold improvements	Furniture and fixtures	Equipment and tools	Total
<i>In BDT</i>						
Cost						
Balance at 1 January 2021		324,260	-	-	-	324,260
Additions		280,815,835	-	-	-	280,815,835
Transfers		(154,830,969)	-	-	-	(154,830,969)
Balance at 31 December 2021		126,309,126	-	-	-	126,309,126
Balance at 1 January 2022		126,309,126	-	-	-	126,309,126
Additions		234,426,021	57,734,644	1,660,072	902,721	294,723,458
Transfers		(230,749,576)	-	(1,660,072)	(902,721)	(233,312,369)
Balance at 31 December 2022		129,985,571	57,734,644	-	-	187,720,215
3.2 Allocation of depreciation						
<i>In BDT</i>				For the year ended 31 December		
				2022	2021	
Cost of sales				124,162,719	72,208,228	
Operating expenses				69,597,570	66,046,263	
				193,760,289	138,254,491	



Notes to the financial statements (continued)

4 Intangible assets

See accounting policy in Note 38 (G)

Reconciliation of carrying amount

<i>In BDT</i>	Software	
	2022	2021
Cost		
Balance at 1 January	80,837,970	75,942,406
Amalgamation of business	-	620,174
Additions	656,250	4,275,390
Disposals/transfers	-	-
Balance at 31 December	81,494,220	80,837,970
Accumulated amortisation		
Balance at 1 January	57,652,874	52,063,414
Amalgamation of business	-	73,873
Amortisation for the year	4,768,783	5,515,587
Adjustment for disposals/transfers	-	-
Balance at 31 December	62,421,657	57,652,874
Carrying amounts		
<i>In BDT</i>	2022	2021
Balance at 31 December	19,072,563	23,185,096



Notes to the financial statements (continued)

5 Leases liabilities and Right-of-use assets

See accounting policy in Note 38 (V)

The Company leases retail stores/showrooms, warehouses, service centers, factories and other office facilities.

<i>In BDT</i>	<i>Note</i>	2022	2021
Right-of-use assets	5.1	2,707,602,753	1,370,847,349
Lease liabilities	5.2	1,167,169,587	1,048,546,293

Information about leases for which the Company is a lessee is presented below.

5.1 Right-of-use assets

Reconciliation of carrying amount

<i>In BDT</i>	<i>Note</i>	Land	Buildings	Total
Cost				
Balance at 1 January 2021		-	1,713,335,006	1,713,335,006
Amalgamation of business		-	139,548,531	139,548,531
Additions		-	309,192,420	309,192,420
Disposals/adjustments		-	(27,865,209)	(27,865,209)
Balance at 31 December 2021		-	2,134,210,748	2,134,210,748
Balance at 1 January 2022		-	2,134,210,748	2,134,210,748
Additions	5.1.1	1,288,075,404	422,609,071	1,710,684,475
Disposals/adjustments		-	(13,177,797)	(13,177,797)
Balance at 31 December 2022		1,288,075,404	2,543,642,022	3,831,717,426
Accumulated depreciation				
Balance at 1 January 2021		-	414,002,934	414,002,934
Amalgamation of business		-	69,398,194	69,398,194
Depreciation for the year		-	295,364,110	295,364,110
Disposals/adjustments		-	(15,401,839)	(15,401,839)
Balance at 31 December 2021		-	763,363,399	763,363,399
Balance at 1 January 2022		-	763,363,399	763,363,399
Depreciation for the year		21,467,923	349,709,809	371,177,732
Disposals/adjustments		-	(10,426,458)	(10,426,458)
Balance at 31 December 2022		21,467,923	1,102,646,750	1,124,114,673
Carrying amounts				
At 1 January 2021		-	1,299,332,072	1,299,332,072
At 31 December 2021		-	1,370,847,349	1,370,847,349
At 31 December 2022		1,266,607,481	1,440,995,272	2,707,602,753



Notes to the financial statements (continued)

5.1.1 Land

To relocate the existing factory from Rajfulbaria, Jhamur, Savar and Koulasur, Hemayetpur, Savar as well as to enhance the production capacity by almost three times in order to achieve cost advantage, the Company took a sub lease of 135,000 square meter land at Bangladesh Special Economic Zone (BSEZ) located at Arahazar, Narayangonj BSEZ for a term of 50 years.

5.1.2 Allocation of depreciation

<i>In BDT</i>	For the year ended 31 December	
	2022	2021
Cost of sales	33,027,262	25,951,340
Operating expenses	327,724,013	254,010,925
	360,751,275	279,962,265

5.2 Lease liabilities

<i>In BDT</i>	2022	2021
Balance at 1 January	1,048,546,293	939,370,903
Lease obligation made during the year	332,429,859	309,192,421
Payment of lease obligation	(313,341,600)	(278,663,930)
Lease liabilities termination/adjustments	(8,119,461)	(27,865,209)
Interest on lease liabilities	107,654,496	106,512,108
Balance at 31 December	1,167,169,587	1,048,546,293

The Company leases many assets, including retail stores/showrooms, warehouses, service centers, factories and other office facilities. These lease contracts vary generally from 5 years to 10 years. Most of the lease contracts include an option to renew the lease term for additional period after the end of the contract term. The following table sets out a maturity analysis of lease liability to be settled after the reporting date.

<i>In BDT</i>	2022	2021
Current	204,361,270	147,274,800
Non-current	962,808,317	901,271,493
Lease liabilities included in the statement of financial position at 31 December	1,167,169,587	1,048,546,293



Notes to the financial statements (continued)

6 Investments

See accounting policy in Note 38 (M)

<i>In BDT</i>	2022	2021
Investment in term deposit	2,630,000	2,630,000
Investment in Central Depository Bangladesh Limited (CDBL)	1,569,450	1,569,450
	4,199,450	4,199,450

7 Advances, deposits and prepayments

See accounting policy in Note 38 (H)

<i>In BDT</i>	2022	2021
Employees Advance	1,798,086	3,832,888
Advances	1,798,086	3,832,888
Security deposits	30,574,208	29,370,808
Deposits	30,574,208	29,370,808
Value Added Tax (VAT)	462,979,398	412,745,954
Supplier Advance	220,361,545	35,854,451
Other	49,268,393	66,360,519
Prepayments	732,609,336	514,960,924
Total	764,981,630	548,164,620
<i>In BDT</i>	2022	2021
Current	734,407,422	518,793,812
Non-current	30,574,208	29,370,808
Total	764,981,630	548,164,620

8 Inventories

See accounting policy in Note 38 (E)

<i>In BDT</i>	2022	2021
Finished goods	4,259,168,207	4,809,718,430
Non-trade goods	13,128,266	20,341,512
Raw materials	1,115,193,952	760,659,208
Goods in transit	606,643,761	277,736,823
	5,994,134,186	5,868,455,973
Provision for inventory obsolescence	(118,776,854)	(118,776,854)
	5,875,357,332	5,749,679,119

In view of numerous items of inventories and diversified units of measurement, it is not feasible to disclose quantities against each item.



Notes to the financial statements (continued)

9 Trade and other receivables

See accounting policy in Note 38 (H)

<i>In BDT</i>	<i>Note</i>	2022	2021
Trade receivables	9.1	2,900,662,337	2,546,852,527
Other receivables	9.2	133,299,527	243,422,810
		3,033,961,864	2,790,275,337

9.1 Trade receivables

<i>In BDT</i>	<i>Note</i>	2022	2021
Hire customer receivables	9.1.1	2,634,170,826	2,238,678,962
Trade and dealer receivables	9.1.2	266,491,511	308,173,565
		2,900,662,337	2,546,852,527

9.1.1 Hire customer receivables

<i>In BDT</i>	2022	2021
Hire receivable from customers	3,010,402,751	2,585,847,449
Unearned carrying charges	(340,469,947)	(296,435,033)
	2,669,932,804	2,289,412,416
Provision for doubtful debts	(35,761,978)	(50,733,454)
	2,634,170,826	2,238,678,962

9.1.2 Trade and dealer receivables

<i>In BDT</i>	2022	2021
Trade receivables	178,812,095	148,077,548
Receivables from dealers	113,920,671	183,219,776
	292,732,766	331,297,324
Provision for doubtful debts	(26,241,255)	(23,123,759)
	266,491,511	308,173,565

9.2 Other receivables

<i>In BDT</i>	<i>Note</i>	2022	2021
Receivable from Shop Managers		51,831,220	49,066,034
Receivable from Retail Holdings Bhold B.V., The Netherlands		2,467,719	2,158,465
Receivable from employees		8,032,294	6,121,374
Receivable from others	9.2.1	129,913,943	237,755,983
Employees provident fund		-	406,603
		192,245,176	295,508,459
Provision for doubtful debts		(58,945,649)	(52,085,649)
		133,299,527	243,422,810

9.2.1 Receivable from others (2021) includes BDT 110,000,000 in respect of insurance claim regarding inventories of Chattogram warehouse which were burnt due to fire on 20 March 2019. A loss of BDT 36,923,687 has been recognised during the year 2022 after receipt of the insurance claim.



Notes to the financial statements (continued)

9.3 Provision for doubtful debts

<i>In BDT</i>	<i>Note</i>	2022	2021
Opening balance		125,942,862	142,145,391
Provision for the year		40,372,644	22,051,844
		166,315,506	164,197,235
Written-off during the year		(45,366,624)	(38,254,373)
Closing balance	9.3.1	120,948,882	125,942,862

9.3.1 Provision for doubtful debts-Closing balance

<i>In BDT</i>	<i>Note</i>	2022	2021
Hire customer receivables	9.1.1	35,761,978	50,733,454
Trade and dealer receivables	9.1.2	26,241,255	23,123,759
Other receivables	9.2	58,945,649	52,085,649
		120,948,882	125,942,862

9.4 Ageing of hire receivables from customers

<i>In BDT</i>	<i>Note</i>	2022	2021
Due within 3 months		1,238,260,514	1,072,685,556
Due over 3 months but within 6 months		968,479,482	851,462,442
Due over 6 months but within 9 months		540,040,785	464,805,148
Due over 9 months but within 12 months		199,266,126	160,750,205
Over 12 months		64,355,844	36,144,098
	9.5	3,010,402,751	2,585,847,449

9.5 Particulars of hire receivables from customers

<i>In BDT</i>	2022	2021
Secured - considered good:		
Debts due within 6 months	2,170,978,018	1,873,414,544
Debts due over 6 months	803,662,755	661,699,451
	2,974,640,773	2,535,113,995
Secured - considered doubtful:	35,761,978	50,733,454
i) Aggregate amount due by Managing Director and other Directors of the Company	-	-
ii) Aggregate amount due by managers and other staffs of the Company	-	-
iii) Aggregate amount due by associate undertakings	-	-
iv) Maximum amount of debts due by managers and other staff of the Company	-	-
	3,010,402,751	2,585,847,449

10 Cash and cash equivalents

See accounting policy in Note 38 (H)

<i>In BDT</i>	2022	2021
Cash in hand	73,762	75,892
Cash at bank	208,705,749	166,901,713
Cash in transit	4,554,490	6,412,077
	213,334,001	173,389,682



Notes to the financial statements (continued)

11 Share capital

<i>In BDT</i>	2022	2021
Authorised:		
250,000,000 ordinary shares of BDT 10 each	2,500,000,000	2,500,000,000
Issued, subscribed and paid up:		
25,670 ordinary shares of BDT 10 each issued for cash	256,700	256,700
102,580 ordinary shares of BDT 10 each issued for consideration other than cash	1,025,800	1,025,800
99,574,588 ordinary shares of BDT 10 each issued as fully paid-up bonus shares	995,745,880	995,745,880
	997,028,380	997,028,380

Shareholding position:	2022		2021	
	No. of share	Value (BDT)	No. of share	Value (BDT)
Name of shareholder				
Retail Holdings Bhold B.V., The Netherlands	36,886,123	368,861,230	36,886,123	368,861,230
Retail Holdings Bhold B.V., The Netherlands - non-remittable shares	19,933,214	199,332,140	19,933,214	199,332,140
Local shareholders	42,883,501	428,835,010	42,883,501	428,835,010
	99,702,838	997,028,380	99,702,838	997,028,380

Beneficial percentage of holdings	2022	2021
	Name of shareholder	
Retail Holdings Bhold B.V., The Netherlands	37.00%	37.00%
Retail Holdings Bhold B.V., The Netherlands - non-remittable shares	20.00%	20.00%
Local shareholders	43.00%	43.00%
	100.00%	100.00%

Classification of shareholders by holding:	Number of shareholders		Total holding (%)	
	2022	2021	2022	2021
Shareholding range				
Less than 500 shares	7,395	6,581	1.15	1.02
500 to 5,000 shares	2,653	2,651	4.11	4.18
5,001 to 10,000 shares	221	226	1.59	1.61
10,001 to 20,000 shares	99	120	1.44	1.76
20,001 to 30,000 shares	52	54	1.32	1.38
30,001 to 40,000 shares	22	19	0.79	0.69
40,001 to 50,000 shares	17	16	0.80	0.74
50,001 to 100,000 shares	36	31	2.64	2.32
100,001 to 1,000,000 shares	56	54	14.64	15.14
Over 1,000,000 shares	8	9	71.52	71.16
	10,559	9,761	100.00	100.00

Details of share issue has been shown in Annexure - 2.



12 Reserves

<i>In BDT</i>	<i>Note</i>	2022	2021
Revaluation reserve	12.1	670,382,101	544,383,963
Capital reserve	12.2	18,190,942	18,190,942
Non-remittable special capital reserve	12.3	370,178	370,178
Non-distributable special reserve	12.4	232,847	232,847
		689,176,068	563,177,930

12.1 Revaluation reserve

The land of the Company were revalued as of 31 December 2022 by independent professional valuer, Asian Surveyors Ltd, following "current cost method", which were also revalued previously in years 2005, 2008, 2010, 2012 and 2016. The revaluation of 2022 resulted in a revaluation surplus of BDT 115,415,000.

The buildings of the Company were revalued along with the land as of 31 December 2022 by independent professional valuer, Asian Surveyors Ltd, following "current cost method", which were also revalued previously in years 2005, 2008, 2010, 2012 and 2016. The revaluation of 2022 resulted in a revaluation surplus of BDT 19,848,342.

As per clause 9 (iii) under Section-A of BSEC notification dated 18 August 2013, upward revaluation of buildings is not allowed having remaining economic life of less than 50% of its total useful life as estimated at construction. Apropos this clause, no upward revaluation was accounted, for the buildings which remaining economic life was less than 50% of its total useful life as estimated at construction, in the books of Singer Bangladesh Limited for the year ended 31 December 2022.

12.2 Capital reserve

This represents capital gain on disposal of factory land and buildings at Chattogram in 2003.

12.3 Non-remittable special capital reserve

This represents profit after tax on sale of certain merchandise which, not being remittable as per directives of Bangladesh Bank, is required to be retained under this reserve.

12.4 Non-distributable special reserve

This special reserve, created vide Bangladesh Bank Circular No. FE 27 dated 3 May 1987, represents 90% of post-tax profit on sale of moveable fixed assets up to 1992. The requirement of continuing to add to this reserve has subsequently been withdrawn.

13 Deferred tax assets/(liabilities)

See accounting policy in Note 38 (D)

<i>In BDT</i>	<i>Note</i>	2022	2021
Opening balance		47,986,028	81,110,569
Amalgamation of business		-	(26,558,458)
		47,986,028	54,552,111
Released/(expense) during the year		(8,776,940)	(7,466,085)
Transferred to retained earnings		673,150	900,002
		(8,103,790)	(6,566,083)
Closing balance	13.1	39,882,238	47,986,028



Notes to the financial statements (continued)

13.1 Closing balance

<i>In BDT</i>	<i>Note</i>	2022	2021
Deferred tax assets	13.1.1	105,126,078	106,484,796
Deferred tax liabilities	13.1.2	(65,243,840)	(58,498,768)
		39,882,238	47,986,028

13.1.1 Deferred tax assets

<i>In BDT</i>	2022	2021
Reserve against inventories	28,136,838	27,956,595
Reserve for warranty	26,182,887	32,958,532
Provision for bad debts	27,213,498	28,337,144
Leases	23,592,855	17,232,525
	105,126,078	106,484,796

13.1.2 Deferred tax liabilities

<i>In BDT</i>	2022	2021
Revaluation of land and buildings	(21,652,982)	(19,169,118)
Property, plant and equipment	(43,590,858)	(39,329,650)
	(65,243,840)	(58,498,768)

The amounts of deferred tax assets and liabilities have been netted off as permitted by IAS 12. "Income taxes".

14 Defined benefit obligations

Gratuity

See accounting policy in Note 38 (O)

Actuarial gain/(loss) from re-measurement of defined benefit obligations and plan assets

<i>In BDT</i>	2022	2021
Amounts recognised in the statement of financial position		
Defined benefit obligations	(159,757,012)	(151,567,088)
Fair value of plan assets	153,003,002	146,256,383
Net defined benefit plan obligations	(6,754,010)	(5,310,705)
Change in benefit obligation		
Benefit obligation at end of prior year	(151,271,531)	(132,449,159)
Service cost	(10,171,263)	(9,831,936)
Interest expense	(11,345,365)	(9,933,687)
Benefit payments from plan assets	22,248,261	9,090,131
Experience gain/(loss)	(9,217,114)	(8,442,437)
Defined benefit obligation at end of year	(159,757,012)	(151,567,088)
Change in fair value of plan assets		
Fair value of plan assets at end of prior year	146,257,224	143,328,328
Interest income	10,969,292	10,748,784
Employer contributions	23,760,011	15,268,460
Benefit payments from plan assets	(22,248,261)	(9,090,131)
Actuarial gain/(loss) on plan assets	(5,735,264)	(13,999,058)
Fair value of plan assets at end of year	153,003,002	146,256,383



Notes to the financial statements (continued)

Fair value of plan assets		
Investment	139,166,480	143,416,343
Accrued interest on investment	2,917,434	2,774,178
Cash at bank	10,919,088	65,860
	153,003,002	146,256,381

Components of Defined Benefit Cost (DBO)		
Service cost	10,171,263	9,831,936
Interest expense on DBO	11,345,365	9,933,687
Interest (income) on plan assets	(10,969,292)	(10,748,784)
Defined benefit cost included in profit or loss	10,547,336	9,016,839

Remeasurements (recognised in other comprehensive income-OCI)		
Experience gain/(loss)	(9,217,114)	(8,442,437)
Actuarial gain/(loss) on plan assets	(5,735,264)	(13,999,058)
Total remeasurements in OCI	(14,952,378)	(22,441,495)
Total defined benefit cost recognised in profit or loss and OCI	25,499,714	31,458,334

15 Other liabilities

<i>In BDT</i>	Note	2022	2021
Non-remittable accounts	15.1	1,741,834,417	1,622,235,133
Security deposits from branch managers, agents and dealers		371,558,586	338,472,051
Warranty - long term portion		36,740,308	39,932,028
		2,150,133,311	2,000,639,212

15.1 Non-remittable accounts

<i>In BDT</i>	2022	2021
Current account	(78)	(78)
Dividend account:		
Opening balance	1,621,755,221	1,561,955,579
Dividend for the year	119,599,284	59,799,642
Closing balance	1,741,354,505	1,621,755,221
Capital gain on sale of land	479,990	479,990
	1,741,834,417	1,622,235,133

All the above balances are due to Retail Holdings Bhold B.V., The Netherlands and are non-remittable as per directive of Bangladesh Bank and will not be eligible for remittance either as dividend or as capital.

As per directive of Bangladesh Bank, the balance of BDT 479,990 against the capital gain on sale of land created in the year 1990 is required to be shown under non-remittable account.



Notes to the financial statements (continued)

16 Trade and other payables

See accounting policy in Note 38 (H)

<i>In BDT</i>	<i>Note</i>	2022	2021
Trade payables	16.1	1,525,127,481	451,693,441
Other payables	16.2	1,544,678,106	1,237,954,787
		3,069,805,587	1,689,648,228

16.1 Trade payables

<i>In BDT</i>	2022	2021
Trade payables	1,479,594,412	393,228,925
Freight and carriage and technicians bills payable	45,533,069	58,464,516
	1,525,127,481	451,693,441

16.2 Other payables

<i>In BDT</i>	<i>Note</i>	2022	2021
Payable for expenses	16.2.1	828,879,258	787,003,809
Royalty		543,152,031	354,380,337
Payable for other finance	16.2.2	162,927,711	96,361,641
Leasehold improvements against new shops		9,719,106	209,000
		1,544,678,106	1,237,954,787

16.2.1 Payable for expenses

<i>In BDT</i>	2022	2021
Advertisement and sales promotion	257,469,501	294,326,778
Reserve for early closing of hire sales	268,165,437	216,797,083
Shop rent	20,568,021	13,527,461
Warranty - short term portion	73,491,643	79,876,045
Reserve for allowable loss	39,332,027	50,155,128
Workers' profit participation and welfare fund	17,924,883	46,101,321
Duty and freight	9,958,156	9,958,156
Utilities	5,000,000	5,000,000
Interest	64,000,000	10,800,000
Transacting and collecting commission/bonuses	3,833,755	3,110,073
Salary and benefits	3,384,617	28,694,137
Statutory audit fee	1,380,000	1,380,000
Selling expenses	1,209,232	1,040,095
Professional and technical fees	4,397,180	4,916,000
Insurance and other	58,764,806	21,321,532
	828,879,258	787,003,809

16.2.2 Payable for other finance

<i>In BDT</i>	2022	2021
VAT payable - realised from customers	8,291,368	5,964,979
Withholding taxes	21,455,526	24,297,195
Advances from customers	7,458,076	8,266,047
Employees provident fund	1,329,781	-
Others	124,392,960	57,833,420
	162,927,711	96,361,641



Notes to the financial statements (continued)

17 Short-term borrowings - secured

See accounting policy in Note 38 (H)

<i>In BDT</i>	2022	2021
Bank overdrafts/Short-term loan	5,837,248,081	4,644,314,297

Registered hypothecation of inventories, receivables and machineries under pari-passu arrangement with other banks were maintained to obtain bank overdrafts and short term loans from different banks. Below table shows the bank details.

<i>In BDT</i>		2022	2021
Commercial Bank of Ceylon Plc	Bank overdraft	51,659,481	231,691,693
Pubali Bank Ltd.	Bank overdraft	304,571,044	211,230,155
HSBC	Bank overdraft	41,784,428	300,670,122
Bank-Al-Falah	Bank overdraft	181,353,230	296,788,392
Standard Chartered Bank Ltd.	Bank overdraft	21,445,972	278,334,016
Eastern Bank Ltd.	Bank overdraft	60,427,910	23,124,954
Mutual Trust Bank Ltd.	Bank overdraft	16,859,145	3,753,860
City Bank Ltd.	Bank overdraft	13,546,612	48,675,646
Dhaka Bank Ltd.	Bank overdraft	8,847,436	45,459
Dutch Bangla Bank Ltd.	Bank overdraft	170,902,661	-
Prime Bank Ltd.	Bank overdraft	72,869,306	-
Bank-Al-Falah	Short-term loan	200,000,000	100,000,000
HSBC	Short-term loan	545,610,000	350,000,000
Dutch Bangla Bank Ltd.	Short-term loan	2,397,970,856	500,000,000
Prime Bank Ltd.	Short-term loan	1,749,400,000	-
Commercial Bank of Ceylon Plc	Short-term loan	-	1,190,000,000
Standard Chartered Bank Ltd.	Short-term loan	-	400,000,000
Pubali Bank Ltd.	Short-term loan	-	110,000,000
Eastern Bank Ltd.	Short-term loan	-	500,000,000
City Bank Ltd.	Short-term loan	-	100,000,000
		5,837,248,081	4,644,314,297

18 Current tax assets/(liabilities)

See accounting policy in Note 38 (D)

<i>In BDT</i>	Note	2022	2021
Advance income tax	18.1	3,082,023,857	2,596,873,524
Provision for income tax	18.2	(2,430,777,796)	(2,145,839,511)
		651,246,061	451,034,013

18.1 Advance income tax

<i>In BDT</i>	2022	2021
Opening balance	2,596,873,524	1,667,739,997
Amalgamation of business	-	415,085,106
	2,596,873,524	2,082,825,103
Advance income tax paid during the year	503,416,315	514,048,421
AIT release for prior years (2013-15)	(18,265,982)	-
Closing balance	3,082,023,857	2,596,873,524

18.2 Provision for income tax

<i>In BDT</i>	Note	2022	2021
Opening balance		2,145,839,511	1,717,955,803.00
Amalgamation of business		-	77,899,112.00
		2,145,839,511	1,795,854,915
Provision during the year	25	351,204,267	390,884,596
Adjustment for prior year	25	(48,000,000)	(40,900,000)
Provision release for prior years (2013-15)		(18,265,982)	-
		2,430,777,796	2,145,839,511



Notes to the financial statements (continued)

19 Turnover

See accounting policy in Note 38 (A)

A. Revenue streams

<i>In BDT</i>	2022	2021
Revenue from contracts with customers	17,056,944,338	15,776,359,213
Earned carrying charges	39,746,085	36,630,193
	17,096,690,423	15,812,989,406

B. Disaggregation of revenue from contracts with customers

<i>In BDT</i>	2022	2021
Home appliances	11,827,107,685	10,707,008,863
Consumer electronics	3,698,578,198	3,657,823,147
Sewing machines	1,173,484,552	1,149,577,110
Other appliances	357,773,903	261,950,093
	17,056,944,338	15,776,359,213

C. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

<i>In BDT</i>	Note	2022	2021
Receivables, which are included in 'trade and other receivables'	9	2,900,662,337	2,546,852,527
		2,900,662,337	2,546,852,527

D. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

Information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies described in Note 38 (A).



Notes to the financial statements (continued)

20 Cost of sales

<i>In BDT</i>	Note	2022	2021
Opening inventory of raw materials		1,038,396,031	741,341,068
Purchased during the year	20.1	11,260,932,261	13,149,488,403
Closing inventory of raw materials	8	(1,721,837,713)	(1,038,396,031)
Raw materials consumption		10,577,490,579	12,852,433,440
Factory salaries and wages		172,670,189	144,147,513
Freight and carriage		99,992,430	43,975,589
Rent		600,000	450,000
Depreciation	3.2	124,162,081	72,208,228
Depreciation of right-of-use assets	5.1.2	33,027,262	25,951,340
Repairs and maintenance		19,664,606	11,421,705
Utilities		21,647,846	14,570,681
Bonus		10,256,128	8,243,030
Consumable stores		14,043,438	4,990,421
Gratuity		5,640,000	3,025,000
Employee benefits and recreation		9,621,006	9,167,908
Contribution to provident fund		3,861,201	3,093,206
Fuel and car maintenance		7,517,050	5,070,024
Insurance		2,331,266	6,629,083
Stationery		1,189,885	1,771,776
Conveyance and travelling		505,543	371,620
Postage and communication		17,903	19,250
Miscellaneous		9,770,523	7,403,006
		536,518,357	362,509,380
Works cost (materials+manufacturing expenses)		11,114,008,936	13,214,942,820
Opening work-in-process		-	-
Closing work-in-process		-	-
Cost of production		11,114,008,936	13,214,942,820
Opening inventory of finished goods		4,830,059,942	3,258,772,315
Purchase/production of finished goods		1,494,525,608	74,415,525
		6,324,585,550	3,333,187,840
Closing inventory of finished goods	8	(4,272,296,473)	(4,830,059,942)
Cost of sales		13,166,298,013	11,718,070,718

20.1 Raw materials consumption

2022

<i>In BDT</i>	Balance at 1 January 2022	Purchases during the year	Balance at 31 December 2022	Consumption during the year
<u>Imported</u>				
Television	83,291,248	1,242,222,942	(62,938,280)	1,262,575,910
Air conditioner	11,752,839	1,320,608,028	(23,133,364)	1,309,227,503
Washing Machine	19,155,724	3,763,883,367	(989,169,746)	2,793,869,345
Grinder	22,618,366	65,904,054	(4,401,969)	84,120,451
Refrigerator	623,857,721	68,644,185	64,386,800	756,888,706
Others	277,720,133	4,799,669,685	(706,581,154)	4,370,808,664
	1,038,396,031	11,260,932,261	(1,721,837,713)	10,577,490,579

2021

<i>In BDT</i>	Balance at 1 January 2021	Purchases during the year	Balance at 31 December 2021	Consumption during the year
<u>Imported</u>				
Television	82,005,618	1,835,223,505	(83,291,248)	1,833,937,875
Air conditioner	18,667,945	1,085,675,820	(11,752,839)	1,092,590,926
Washing Machine	-	180,988,700	(19,155,724)	161,832,976
Grinder	-	61,834,153	(22,618,366)	39,215,787
Refrigerator	-	3,708,635,612	(623,857,721)	3,084,777,891
Others	640,667,505	6,277,130,613	(277,720,133)	6,640,077,985
	741,341,068	13,149,488,403	(1,038,396,031)	12,852,433,440



Notes to the financial statements (continued)

20.2 Closing stock of finished goods

<i>In BDT</i>	2022	2021
Home appliance	3,197,289,254	3,256,526,174
Consumer electronic	611,574,853	1,001,755,992
Sewing	225,746,807	362,712,136
Furniture	139,508	336,743
Other	237,546,051	208,728,897
	4,272,296,473	4,830,059,942

21 Operating expenses

<i>In BDT</i>	Note	2022	2021
Advertisement and sales promotion	21.1	504,771,188	431,996,454
Shop operating expenses		729,237,403	597,715,867
Salaries and allowances		472,818,550	430,287,151
Rent and occupancy		90,077,418	83,060,643
Royalty	21.2	188,771,694	174,101,723
Warranty		252,116,925	228,667,030
Utilities		70,446,887	62,127,961
Depreciation	3.2	69,597,570	66,046,263
Depreciation of right-of-use assets	5.1.2	327,724,013	254,010,925
Bad debts	9.3	40,372,644	22,051,844
Office administration		76,526,734	63,866,586
Repairs and maintenance		66,423,609	47,521,677
Directors' fee and remuneration	21.3	26,013,379	27,821,955
Travelling		50,405,928	35,183,895
Amortisation	4	4,768,783	5,515,587
Bank charge		34,221,651	30,125,384
Insurance		46,168,362	17,166,446
Fuel and car maintenance		3,561,364	3,009,522
Professional and technical fees	21.4	12,209,191	4,367,446
Entertainment		8,459,963	4,126,651
Statutory audit fee		1,380,000	1,380,000
Dues and subscription		651,431	502,177
Demurrage cost**		82,975,495	273,200,709
Research and Development		10,101,141	-
		3,169,801,323	2,863,853,896

**Demurrage cost (shipping and port) incurred mainly on account of importing refrigerators raw materials. Due to some mismatch in the raw materials with the documents, full scale checking has been conducted by the customs authority instead of sample checking. Therefore, the Company has suffered additional port and shipping charges as demurrage costs during current year. In addition, Covid-19 restrictions also had an impact on clearing efforts and support and, further, constraints of warehouse space due to lower sales had also created some adverse impact on storing raw materials and CBUs at warehouses during last year.

21.1 Advertisement and sales promotion

<i>In BDT</i>	2022	2021
Advertisement	293,294,184	203,049,590
Selling expenses	165,808,923	197,947,204
Sales promotion	37,000,783	25,574,660
Meeting and conference expenses	8,667,298	5,425,000
	504,771,188	431,996,454



Notes to the financial statements (continued)

21.2 Royalty

See accounting policy in Note 38 (K)

Retail Holdings Bhold B.V.		Turnover from manufacturing units		Royalty charge for the year	
Manufactured products					
<i>In BDT</i>	2022	2021	2022	2021*	
Audio-video sets (television)	2,589,690,135	2,249,630,566	77,690,704	78,737,070	
Air conditioner	2,058,232,431	1,868,624,763	61,746,973	65,401,867	
Refrigerator	4,933,401,704	2,996,278,650	49,334,017	29,962,786	
	9,581,324,270	7,114,533,979	188,771,694	174,101,723	
Refrigerator*	-	702,395,980	-	7,023,960	
Amalgamation of business*	9,581,324,270	7,816,929,959	188,771,694	181,125,683	

Royalty was charged on the net annual invoice price of products manufactured by Singer Bangladesh Limited @ 3% (Approx.) on audio-video sets and air conditioner for the year 2022. For refrigerator, the rate is 1% (Approx.).

Royalty was charged on the net annual invoice price of products manufactured by Singer Bangladesh Limited @ 3.5% (Approx.) on audio-video sets and air conditioner for the year 2021. For refrigerator, the rate is 1% (Approx.).

*Royalty expense of refrigerator in 2021 includes BDT 7,023,960 before amalgamation on 14 March, 2021.

21.3 Director's fee and remuneration

<i>In BDT</i>	2022	2021
Remuneration	22,188,940	24,802,018
Housing	1,377,714	1,181,728
Medical and welfare	1,825,725	1,403,509
Fees	621,000	434,700
	26,013,379	27,821,955

21.4 Professional and technical fees

<i>In BDT</i>	2022	2021
Legal and technical services fees	3,085,745	2,551,083
Audit and other consultancy	9,123,446	1,816,363
	12,209,191	4,367,446

22 Other income/(loss)

This represents following items of income from other operations, not directly connected with principal activities of the Company:

<i>In BDT</i>	2022	2021
Sale of scrapped inventories and others	41,541,849	39,363,437
Dividend income from CDBL	1,427,952	1,427,952
Gain/(loss) on sale of fixed assets	(560,602)	(485,748)
Fire loss of inventory	(19,923,687)	(120,005,185)
Hire agreement fees	120,203,665	110,358,919
Reverts product sale	12,350,166	20,774,163
Income from financial and related services	1,339,194	1,627,822
Other	25,620,248	5,928,660
	181,998,785	58,990,020



Notes to the financial statements (continued)

23 Net finance costs

See accounting policy in Note 38 (B)

<i>In BDT</i>	<i>Note</i>	2022	2021
Interest income		170,421	203,837
Foreign exchange gain		4,620,920	8,402,211
Finance income		4,791,341	8,606,048
Interest expenses on borrowings		(441,681,675)	(270,122,330)
Interest expenses on leases	5.2	(107,654,496)	(106,512,108)
Finance costs		(549,336,171)	(376,634,438)
		(544,544,830)	(368,028,390)

24 Contribution to workers' profit participation fund

This is made in terms of section 234(1)(b) of Bangladesh Labour Act 2006 (as amended up to 2018) 5% of the net profit of each year, not later than nine (9) months from the close of that period, is required to be transferred to the Fund, the proportion of the payment to the Participation Fund and the Welfare Fund being 80:10. The remaining 10% of the amount of net profit shall be paid by the Company to the Workers' Welfare Foundation Fund, as formed under the provision of the Bangladesh Worker's Welfare Foundation Act, 2006. Of the 80% being transferred to the participation fund, two-third has to be distributed in equal proportions to all the members (beneficiary) of the fund in cash and one-third has to be invested in accordance with the manner as stated in section 242 of that Act.

25 Income tax expense

<i>In BDT</i>	<i>Note</i>	2022	2021
Current tax expense		351,204,267	390,884,596
Provision release from prior years		(48,000,000)	(40,900,000)
Deferred tax expense relating to origination and reversal of temporary differences	25.2	1,830,363	7,466,085
		305,034,630	357,450,681

25.1 Reconciliation of effective tax rate

<i>In BDT</i>	2022		2021	
	Percentage	BDT	Percentage	BDT
Profit before tax		378,142,790		875,925,101
Tax using the Company's tax rate	22.50%	85,082,128	22.50%	197,083,148
Tax effect of:				
Non-deductible expenses	14.02%	53,022,281	5.88%	51,531,236
Excess tax paid for minimum tax	50.52%	191,035,458	16.12%	141,168,893
Other components of tax as per ITO 1984	5.83%	22,064,400	6.46%	56,613,033
Adjusted unabsorbed depreciation	0.00%	-	-6.34%	(55,511,714)
Adjustments/provision released during the year	-12.69%	(48,000,000)	-4.67%	(40,900,000)
Temporary differences	0.48%	1,830,363	0.85%	7,466,085
	80.66%	305,034,630	40.80%	357,450,681

25.2 Deferred tax expense

<i>In BDT</i>	<i>Note</i>	2022	2021
Deferred tax expense during the year	13	8,776,940	7,466,085
Deferred tax related to revaluation gain recognised in OCI		6,946,577	-
Deferred tax expense recognised in profit and loss accounts		1,830,363	7,466,085



Notes to the financial statements (continued)

25.3 Tax related to remeasurement of employee benefit obligations

<i>In BDT</i>	2022		
	Before tax	Tax (expense)/ benefit	Net of tax
Remeasurement of defined benefit liability	(14,952,378)	3,364,285	(11,588,093)
	(14,952,378)	3,364,285	(11,588,093)

<i>In BDT</i>	2021		
	Before tax	Tax (expense)/ benefit	Net of tax
Remeasurement of defined benefit liability	(22,441,495)	5,049,336	(17,392,159)
	(22,441,495)	5,049,336	(17,392,159)

26 Contingencies and commitments

26.1 Commitments

<i>In BDT</i>	2022	2021
Letters of credit*	1,657,506,005	2,659,131,055
Bank guarantees	5,119,000	4,840,206
	1,662,625,005	2,663,971,261

*The letters of credit were outstanding as at 31 December 2022 against which the Company is committed to purchase products from different companies.

26.2 Contingent liabilities

There are contingent liabilities on account of disputed bank guarantees and claims by the customs authority.

	2022	2021
(i) Claims against the Company not acknowledged as debts	5,006,676	5,006,676
(ii) Uncalled liability on partly paid shares/ arrears of fixed cumulative dividends on preference shares	-	-
(iii) Aggregate amount of contracts for capital expenditure remaining to be executed and not provided for	-	-
(iv) Aggregate amount of any guarantees given by the Company on behalf of directors, managing directors, or other officers of the Company	-	-
(v) Money for which the Company is contingently liable for any guarantees given by banks	17,628,250	17,628,250
	22,634,926	22,634,926

No credit facilities of general nature (other than trade credit in ordinary course of business) under any contract were obtained or made available to the Company.



Notes to the financial statements (continued)

27 Capacity utilisation

2022	Measurement unit	In units				% of utilisation
		Annual installed capacity	Utilisation during the period	Over/(Under) utilisation		
Production						
Panel television	Number	213,750	100,014	(113,736)	46.8	
Air conditioner	Sets	51,300	35,224	(16,076)	68.7	
Refrigerator	Number	273,600	140,919	(132,681)	51.5	
Washing Machine	Number	71,250	3,736	(67,514)	5.2	
Grinder	Number	71,250	52,772	(18,478)	74.1	

2021	Measurement unit	In units				% of utilisation
		Annual installed capacity	Utilisation during the period	Over/(Under) utilisation		
Production						
Panel television	Number	213,750	130,000	(83,750)	60.8	
Air conditioner	Sets	51,300	32,609	(18,691)	63.6	
Refrigerator	Number	273,600	146,777	(126,823)	53.6	
Washing Machine	Number	71,250	11,278	(59,972)	15.8	
Grinder	Number	71,250	13,697	(57,553)	19.2	

28 Number of employees

	2022	2021
The number of employees engaged for the whole year or part thereof who received a total remuneration of BDT 36,000 and above.	1,670	1,697

29 Remittance in foreign currency

The Company remitted the following amounts in foreign currency during the year to Retail Holdings Bhold B.V., Parent of the Company.

2022	Name of party	Amount (BDT)	Equivalent (USD)
Dividend for the year 2021 (final)	Retail Holdings Bhold B.V.	199,185,064	2,090,085
		199,185,064	2,090,085

2021	Name of party	Amount (BDT)	Equivalent (USD)
Dividend for the year 2020 (final)	Retail Holdings Bhold B.V.	99,592,532	1,172,781
		99,592,532	1,172,781

30 Earnings per share (EPS)

See accounting policy in Note 38 (Q)

30.1 Basic earnings per share

	2022	2021
Earnings attributable to the ordinary shareholders	73,108,160	518,474,420
Weighted average number of ordinary shares outstanding	99,702,838	99,702,838
Basic earnings per share	0.73	5.20

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2022 in terms of International Accounting Standard (IAS-33). For comparative year (i.e. 2021) the same no of ordinary shares outstanding were used to compute basic EPS, as 60% cash dividend was declared for the year ended 31 December 2021. Details of shares issue have been shown in Annexure - 2.

30.2 Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no potentially dilutive potential ordinary shares during the period.



Notes to the financial statements (continued)

31 Financial instruments - fair values and risk management
31.1 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 as the carrying amount is a reasonable approximation of fair value.

31 December 2022	Carrying amount						Total amount
	Note	Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI equity instruments	Financial assets at amortised cost	
Financial assets not measured at fair value							
Trade and other receivables	9	-	-	-	-	3,033,961,864	-
Cash and cash equivalents	10	-	-	-	-	213,334,001	-
		-	-	-	-	3,247,295,865	-
Financial liabilities not measured at fair value							
Trade and other payables	16	-	-	-	-	-	3,069,805,587
		-	-	-	-	-	3,069,805,587
31 December 2021							
Financial assets not measured at fair value							
Trade and other receivables	9	-	-	-	-	2,790,275,337	-
Cash and cash equivalents	10	-	-	-	-	173,389,682	-
		-	-	-	-	2,963,665,019	-
Financial liabilities not measured at fair value							
Trade and other payables	16	-	-	-	-	-	1,689,648,228
		-	-	-	-	-	1,689,648,228

The Company has not disclosed the fair values for financial instruments such as trade and other receivables, cash and cash equivalents, and trade and other payables because their carrying amounts are a reasonable approximation of fair values.



Notes to the financial statements (continued)

31.2 Financial risk management

The Company 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 analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. This note presents information about the Company's exposure to each of the above 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 (note 31.2.1)
- Liquidity risk (note 31.2.2)
- Market risk (note 31.2.3)

31.2.1 Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all customers requiring credit over a certain amount. The home appliance products are sold under hire purchase agreements and the sale of cables is under the ordinary credit terms.

The maximum exposure to credit risk (note 31.2.1.1) is represented by the carrying amount of each financial asset in the statement of financial position.

31.2.1.1 Exposure to credit risk

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

<i>In BDT</i>	Note	2022	2021
Trade and other receivables	9	3,033,961,864	2,790,275,337
Deposits	7	30,574,208	29,370,808
Cash and cash equivalents	10	213,334,001	173,389,682
		3,277,870,073	2,993,035,827

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region was:

<i>In BDT</i>	Note	2022	2021
Domestic	9	3,033,961,864	2,790,275,337
		3,033,961,864	2,790,275,337

The maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was:

<i>In BDT</i>	Note	2022	2021
Retail customers	9.1.1	2,634,170,826	2,238,678,962
Wholesale and corporate customers	9.1.2	266,491,511	308,173,565
Others	9.2	133,299,527	243,422,810
		3,033,961,864	2,790,275,337



Notes to the financial statements (continued)
31.2.1.2 Impairment loss

Trade receivable is assessed at each reporting date of statement of financial position to determine whether there is any objective evidence that it is impaired. Trade receivable is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that can be reliably estimated.

The ageing buckets (in days) of receivables at the reporting date was:

<i>In BDT</i>	Gross 2022	Impairment 2022
0 to 30	2,782,225,555	801,898
31 to 60	164,844,709	218,605
61 to 180	188,709,197	3,358,600
181 to 360	74,855,453	11,566,515
> 360	92,500,603	46,057,615
	3,303,135,517	62,003,233

<i>In BDT</i>	Gross 2021	Impairment 2021
0 to 30	2,407,004,707	1,375,740
31 to 60	147,487,148	3,569,225
61 to 180	174,139,769	10,465,039
181 to 360	108,935,732	37,084,663
> 360	79,577,417	21,362,546
	2,917,144,773	73,857,213

The movement in the allowance for impairment in respect of receivables during the year was as follows:

	2022	2021
<i>In BDT</i>		
Opening balance	125,942,862	142,145,391
Allowance recognised for the year	40,372,644	22,051,844
Allowance written off for the year	166,315,506	164,197,235
Closing balance	(45,366,624)	(38,254,373)
	120,948,882	125,942,862

Expected credit loss (ECL) assessment

The Company follows "simplified approach" of measuring the expected credit loss prescribed in IFRS 9. Lifetime expected credit loss, for the outstanding trade receivables at the reporting date, has been calculated considering the business model of the Company. IFRS 9 permits using a few practical expedients and one of them is a provision matrix which is a calculation of the impairment loss based on the default rate percentage applied to the group of financial assets. Two important factors under loss rate approach are- finding out historical default/loss rate and forward looking information.



Notes to the financial statements (continued)

The Company's policy is to give 60-180 credit days for the repayment of receivables. Calculation of the impairment loss on trade receivables at reporting date includes the below sequential steps:

- Step 1: Analyse the collection of receivables and find out the unpaid amount within each ageing bucket
- Step 2: Calculate the historical loss rates for each ageing bucket
- Step 3: Incorporate forward-looking information to find out adjusted loss rate for each ageing bucket
- Step 4: Apply the adjusted loss rates to the current trade receivables portfolio to find out the ECL amount

Historical loss amount has been calculated considering their ageing buckets when write-off was allowed. The historical loss rate has been calculated in the following way:

Loss rate in an ageing bucket = Loss amount of that bucket / Unpaid amount of that bucket.

After incorporating forward looking information adjusted loss rate has been calculated as below:

Adjusted loss rate in an ageing bucket = Adjusted loss amount in that bucket / Unpaid amount in that bucket.

Due to COVID-19 pandemic, collections have been slowed down during the nation wide lockdown period and showing signs of improvement after that (i.e. during the 3rd and 4th quarter of the year). Despite the improvement of collections, owing to COVID-19 pandemic, the unemployment rate has increased and economic activities have been affected with evidence of starting of a slow recovery. These have triggered the risks of increased default losses and the Company assumes the loss can be increased by 20% (from its historical loss rate), because of the reasons explained above.

The following tables provide information about the exposure to credit risk and ECLs for trade receivables for both current and previous reporting period.

<i>In BDT</i>	For the year ended 31 December 2022		
	Amounts outstanding	Adjusted loss rate	Expected credit loss
Ageing bucket (days)			
0 to 30	2,782,225,555	0.0%	801,898
31 to 60	164,844,709	0.1%	218,605
61 to 180	188,709,197	1.8%	3,358,600
181 to 360	74,855,453	15.5%	11,566,515
> 360	92,500,603	49.8%	46,057,615
Total	3,303,135,517		62,003,233

<i>In BDT</i>	For the year ended 31 December 2021		
	Amounts outstanding	Adjusted loss rate	Expected credit loss
Ageing bucket (days)			
0 to 30	2,407,004,707	0.1%	1,375,740
31 to 60	147,487,148	2.4%	3,569,225
61 to 180	174,139,769	6.0%	10,465,039
181 to 360	108,935,732	34.0%	37,084,663
> 360	79,577,417	26.8%	21,362,546
Total	2,917,144,773		73,857,213



Notes to the financial statements (continued)

31.2.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast prepared based on the basis of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

The followings are the contractual maturities of financial liabilities, including estimated interest payments:

<i>In BDT</i>	Carrying amount	Contractual cash flows	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
As at 31 December 2022							
Non-derivative financial liabilities:							
Short-term borrowings - secured	5,837,248,081	(5,930,961,671)	(2,009,429,879)	(3,921,531,792)	-	-	-
Trade and other payables	3,069,805,587	(3,069,805,587)	(2,482,557,962)	(587,247,625)	-	-	-
Lease liabilities	1,167,169,587	(3,580,855,551)	(68,173,228)	(333,059,619)	(350,243,909)	(572,978,810)	(2,256,399,985)
Derivative financial liabilities	-	-	-	-	-	-	-
	10,074,223,255	(12,581,622,809)	(4,560,161,069)	(4,841,839,036)	(350,243,909)	(572,978,810)	(2,256,399,985)
As at 31 December 2021							
Non-derivative financial liabilities:							
Short-term borrowings - secured	4,644,314,297	(4,700,629,921)	(2,305,893,782)	(2,394,736,139)	-	-	-
Trade and other payables	1,689,648,228	(1,689,648,228)	(1,515,546,505)	(174,101,723)	-	-	-
Lease liabilities	1,048,546,293	(2,206,299,926)	(50,024,189)	(245,125,720)	(277,026,211)	(505,945,017)	(1,128,178,789)
Derivative financial liabilities	-	-	-	-	-	-	-
	7,382,508,818	(8,596,578,075)	(3,871,464,476)	(2,813,963,582)	(277,026,211)	(505,945,017)	(1,128,178,789)

31.2.3 Market risk

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

The Company is exposed to normal business risks from changes in market interest rates and currency rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative business.



Notes to the financial statements (continued)

31.2.3.1 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows because of some floating/variable loan interest rates. The Company is primarily exposed to interest rate risk from its borrowings.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

<i>In BDT</i>	Note	2022	2021
Fixed rate instruments			
Fixed rate deposits at financial institution		-	-
Fixed rate loans and receivable (net hire receivable)	9.1.1	2,669,932,804	2,289,412,416
Other fixed rate instruments (assets)		-	-
Financial assets		2,669,932,804	2,289,412,416
Fixed rate bank overdraft		-	-
Fixed rate loans		-	-
Fixed rate debentures		-	-
Fixed rate promissory notes		-	-
Lease liabilities		-	-
Other fixed rate liabilities		-	-
Financial liabilities		-	-
Variable rate instruments			
Variable rate deposits at financial institution		-	-
Variable rate loans and receivable		-	-
Other variable rate instruments (assets)		-	-
Financial assets		-	-
Variable rate bank overdraft	17	5,837,248,081	4,644,314,297
Variable rate loans		-	-
Variable rate debentures		-	-
Variable rate promissory notes		-	-
Other variable rate liabilities		368,765,932	336,228,801
Financial liabilities		6,206,014,013	4,980,543,098



Notes to the financial statements (continued)

31.2.3.2 Foreign Currency risk

The Company is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. Other non recurring exposures consist of payable to IFS authority due to developing the ERP system of the Company.

As at 31 December, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	31 December 2022		31 December 2021	
	BDT	USD	BDT	EUR
Foreign currency denominated assets				
Trade and other receivables	110,168,196	1,043,717	-	-
Total assets	110,168,196	1,043,717	-	-
Foreign currency denominated liabilities				
Trade and other payables	(1,293,176,597)	(12,315,739)	(126,085,933)	(1,391,780)
Total liabilities	(1,293,176,597)	(12,315,739)	(126,085,933)	(1,391,780)
Net exposure	(1,183,008,401)	(11,272,022)	(126,085,933)	(1,391,780)

The following significant exchange rates are applied during the year:

In BDT	Year-end spot rate
US Dollar	2022
EUR	105.00
	103.00
	112.00

31.2.3.3 Foreign exchange rate sensitivity analysis for foreign currency expenditures

Foreign exchange rate sensitivity is calculated on the basis of impact of change of 100 basis points in foreign exchange rates. This analysis presents the probable weakening of BDT against US Dollar and EUR and the possibility that the profit or loss and the equity would have increased/(decreased) assuming all other variables, in particular interest rates remain constant. As per current practice, foreign exchange rate sensitivity analysis is done once at the end of the year. Result of the assessment is summarised below.

In BDT	Profit or loss		Equity	
	Strengthening	Weakening	Strengthening	Weakening
31 December 2022				
Expenditures denominated in USD	11,835,623	(11,835,623)	11,835,623	(11,835,623)
Expenditures denominated in EUR	(5,539)	5,539	(5,539)	5,539
Exchange rate sensitivity	11,830,084	(11,830,084)	11,830,084	(11,830,084)
In BDT	Strengthening	Weakening	Strengthening	Weakening
31 December 2021				
Expenditures denominated in USD	1,210,848	(1,210,848)	1,210,848	(1,210,848)
Expenditures denominated in EUR	50,011	(50,011)	50,011	(50,011)
Exchange rate sensitivity	1,260,859	(1,260,859)	1,260,859	(1,260,859)

32

Capital management

Capital management refers to implementing policies and measures to maintain sufficient capital, assessing the Company's internal capital adequacy to ensure the Company's operation as a going concern. The Board of directors is charged with the ultimate responsibility for maintaining a strong capital base so as to maintain confidence of stakeholders and to sustain future development of the business. All major investment and operational decisions with exposure above certain amount are evaluated and approved by the board. The Board of directors also monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Board of directors also determines the level of dividends to ordinary shareholders.



Notes to the financial statements (continued)

33 Related parties

Related party transactions are disclosed in compliance with IAS-24 "Related Party Disclosures". The name of the related parties, the nature of the transactions and their balance at year end have been set out below:

33.1 Parent and ultimate controlling party

Singer Bangladesh Limited (the Company) is a direct subsidiary of Retail Holdings Bhold B.V., The Netherlands which holds 57% of the total shares issued.

Retail Holdings Asia B.V. was the Parent (i.e. owner of 100% shares) of Retail Holdings Bhold B.V., The Netherlands, up to March 2019 as it sold its 100% holdings to Ardutch B.V., The Netherlands which is a direct subsidiary of Arçelik A.Ş.

33.2 Transactions with key management personnel

Key management personnel includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including all directors (executive and non-executive).

<i>In BDT</i>	<i>Note</i>	2022	2021
Remuneration		22,188,940	24,802,018
Housing		1,377,714	1,181,728
Medical and welfare		1,825,725	1,403,509
Board meeting fees		621,000	434,700
a) Short-term employee benefit	21.3	26,013,379	27,821,955
b) Post employment benefit		-	-
c) Other long-term benefit		-	-
d) Termination benefit		-	-
e) Share-based payment		-	-
		26,013,379	27,821,955

33.3 Other related party transactions

Name of related parties	Relationship	Nature of transaction	2022	2021
Arcelik A.S.	Ultimate parent	Procurement of products	47,347,344	183,871,786
BEKO Thai Co. Ltd.	Subsidiary of ultimate parent	Procurement of products	10,017,836	188,125,770
Dawlance (Private) Limited	Subsidiary of ultimate parent	Procurement of products	-	13,417,077
Retail Holdings Bhold B.V., The Netherlands	Parent Company	Royalty expense	188,771,694	181,125,683

33.3.1 Related party receivable/(payable)

Name of related parties	Relationship	Nature of transaction	2022	2021
Arcelik A.S.	Ultimate parent	Payable for inventory	(11,694,265)	(4,543,738)
Arcelik A.S.	Ultimate parent	Other payable	(59,646,317)	(21,321,533)
Arcelik A.S.	Ultimate parent	Other receivable	881,511	-
BEKO Thai Co. Ltd.	Subsidiary of ultimate parent	Payable for inventory	(8,608,996)	-
Retail Holdings Bhold B.V., The Netherlands	Parent company	Royalty payable Current account	(543,152,031)	(354,380,337)
Retail Holdings Bhold B.V., The Netherlands	Parent company	Current account	2,467,719	2,158,465



Notes to the financial statements (continued)

34 Net asset value (NAV) per share

34.1 NAV per share after revaluation

<i>In BDT</i>	2022	2021
Total assets	15,237,285,034	12,797,101,450
Total liability	(12,248,771,257)	(9,400,880,626)
Net assets value	2,988,513,777	3,396,220,824
Number of shares used to compute NAV	99,702,838	99,702,838
Net asset value (NAV) per share	29.97	34.06

34.2 NAV per share before revaluation

<i>In BDT</i>	2022	2021
Total assets	15,102,021,692	12,797,101,450
Total liability	(12,248,771,257)	(9,400,880,626)
Net assets value	2,853,250,435	3,396,220,824
Number of shares used to compute NAV	99,702,838	99,702,838
Net asset value (NAV) per share	28.62	34.06

35 Reconciliation of net income with cashflows from operating activities

<i>In BDT</i>	2022	2021
Net income	73,108,160	518,474,420
Add/(deduct) for noncash items:		
Depreciation & amortization	559,280,347	423,732,343
(Gain)/loss on sale of property, plant and equipment	560,602	485,748
Deferred tax expenses/(income)	8,776,940	7,466,085
Tax expense	305,034,630	357,450,681
Finance costs	549,336,171	376,634,438
Other provisions	40,372,644	22,051,844
Changes in:		
(Increase)/Decrease in deposits and prepayments	(1,203,400)	(6,278,010)
(Increase)/Decrease in inventories	(125,678,213)	(2,037,291,365)
(Increase)/Decrease in trade and other receivables	(287,417,454)	(214,258,878)
(Increase)/Decrease in Advances, deposits and prepayments	(215,613,610)	(522,704,368)
Increase/(Decrease) in other liabilities	29,894,815	55,024,508
Increase/(Decrease) in accounts payables	1,380,157,359	(122,197,421)
Tax paid	(503,416,315)	(514,048,421)
	1,740,084,516	(2,173,932,816)
Net cash flows from operation activities	1,813,192,676	(1,655,458,396)

35.1 Net operating cash flow per share (NOCFPS)

<i>In BDT</i>	2022	2021
Net cash from operating activities	1,813,192,676	(1,655,458,396)
Number of ordinary shares outstanding	99,702,838	99,702,838
Net operating cash flow per share (NOCFPS)	18.19	(16.60)

36 Events after the reporting period

The Board of Directors of the Company has recommended 10% (BDT 1 per share of BDT 10 each) cash dividend in its 264th board meeting held on 25 January 2023.

37 Others

- Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.
- Previous year's figures have been regrouped and/or rearranged wherever considered necessary for the purpose of current year's presentation.



37.1 Basis of measurement

These financial statements have been prepared on accrual basis following going concern concept under historical cost convention as modified to include the revaluation of land and buildings under property, plant and equipment. The initial recognition of financial instruments at fair value and the gratuity scheme which was measured based on actuarial valuation.

37.2 Standards issued but not yet effective

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

a) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

c) Other standards

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

- IFRS 17 *Insurance Contracts* and amendments to IFRS 17 *Insurance Contracts*.
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice Statement 2)*.
- *Definition of Accounting Estimates (Amendments to IAS 8)*.

38 Significant accounting policies

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

- A. Revenue
- B. Finance income and finance costs
- C. Foreign currency transactions
- D. Income tax
- E. Inventories
- F. Property, plant and equipment
- G. Intangibles
- H. Financial instruments
- I. Impairment
- J. Provisions
- K. Royalty
- L. Warranty costs
- M. Investments
- N. Workers' profit participation fund
- O. Employee benefit
- P. Reporting period
- Q. Earnings per share
- R. Segment reporting
- S. Statement of cash flows
- T. Events after the reporting period
- U. Offsetting
- V. Leases



A. Revenue from contracts with customers

Type of product/service

Consumer electronics and household appliances.

Nature and timing of satisfaction of performance obligations

Customers obtain control of products at point of delivery or over time. Invoices are generated at fair value of the consideration received or receivable, net of returns and allowances and trade discounts at the time of delivery of goods. Invoices are usually paid instantly in case of cash sales or payable as per credit terms offered by the Company.

Performance obligation is satisfied when the control of the goods is transferred, rather than just the risk and reward.

Revenue recognition

Revenue is recognised when (or as) control of goods is transferred to customer. Control may be transferred either at a point in time or over time. First, the entity assesses whether it transfers control over time by following the prescribed criteria for satisfying performance obligation. If none of the criteria for recognising revenue over time is met, then the entity recognises revenue at the point in time at which it transfers control of the goods to the customer.

Performance obligation is satisfied when the control of the goods is transferred, rather than just the risk and reward.

B. Finance income and finance costs

Finance expenses comprise interest expense on term loan, overdraft, and bank charges. Interest income from fixed deposit and from saving or current account is net off with finance expenses. All finance expenses are recognised in the profit and loss statement. Finance expenses also include interest expense on lease liabilities.

C. Foreign currency transactions

Foreign currency transactions are recorded in BDT at applicable rates of exchange ruling at the dates of transactions in accordance with IAS-21 *The Effects of Changes in Foreign Exchange Rates*. Exchange rate difference at the statement of financial position date are charged/credited to statement of profit or loss and other comprehensive income, to the extent that this treatment does not contradict with the Schedule XI of Companies Act 1994. This Schedule requires all exchange gains and losses arising from foreign currency borrowings, taken to finance acquisition of construction of fixed assets, to be credited/ charged to the cost/value of such assets.

The financial statements are presented in BDT, which is the company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies at the date of statement of financial position are translated into BDT at the exchange rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss shall be recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss shall be recognised in profit or loss.

D. Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit and loss and other comprehensive income.

Current tax

The Company qualifies as a "Publicly Traded Company", as defined in income tax law. The applicable tax rate for the Company is 22.5%. Provision for taxation has been made on this basis which is compliant with the Finance Act 2022.

Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. The deferred tax asset/income or liability/expense does not create a legal obligation to, or recoverability from, the income tax authority.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

E. Inventories

Inventories are measured at lower of cost and net realisable value, after making due allowances for obsolete and excess inventories. Net realisable value is estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The Company assesses the NRV by giving consideration to future demand and condition of the inventory and make adjustments to the value by making required provisions. Inventories consist of raw materials, work-in-process, goods in transit and finished goods. The Company uses weighted average cost model in valuing its inventory.

F. Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated in statement of financial position are measured at cost/fair value less accumulated depreciation and any accumulated impairment losses in accordance with IAS-16 *Property Plant and Equipment*. Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalised by adding it to the related property, plant and equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Cost model

The Company applies cost model to property, plant and equipment except for land and buildings.



Revaluation model

The Company applies revaluation model to entire class of freehold land and buildings. A revaluation is carried out when there is a substantial difference between the fair value and the carrying amount of the property and is undertaken by professionally qualified valuers. The Company reviews its assets when deemed appropriate considering reasonable interval of years/time.

Increase in the carrying amount on revaluation is recognised in other comprehensive income and accumulated in equity in the revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down.

Decrease in the carrying amount on revaluation that offset previous increases of the same individual assets are charged against revaluation reserve directly in equity. All other decreases are recognised in profit and loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day maintenance of property, plant and equipment are recognised in the profit and loss account as incurred.

Depreciation

Depreciation is calculated over the depreciable amount. Depreciation is recognised in profit and loss on a reducing balance method over each part of an item of property, plant and equipment, since this most closely reflected the expected pattern of consumption of the future economic benefits embodied in the asset. A change in the depreciation method is a change in a technique used to apply the entity's accounting policy to recognise depreciation as an asset's future economic benefits are consumed. Therefore it is deemed to be a change in an accounting estimate.

Land is not depreciated. Depreciation is charged on property plant and equipment from the month of acquisition and no depreciation is charged in the month of disposal.

Depreciation is charged at the rates varying from 10% to 20% depending on the estimated useful lives of assets. No depreciation is charged for work-in-progress.

The rates of depreciation of the Company, applied on reducing balance method, for the current period and comparative years are as follows:

Building - Office	10%
Building - Factory	20%
Leasehold improvements	10%
Plant and machinery	20%
Vehicles	20%
Furniture and fixtures	10%
Equipment and tools	20%



G. Intangibles

An intangible asset is recognised if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably in accordance with IAS 38 *Intangible Assets*. Intangible assets with finite useful lives are measured at cost, less accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Amortisation expense on intangible assets with finite lives is recognised in profit and loss on a straight-line basis over the estimated useful lives, from the date they are available-for-use.

The estimated useful lives of intangible assets with finite lives are as follows:

<u>Intangible assets</u>	
Computer Software	20%

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

H. 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.

Financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the transaction.

The Company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, 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 asset are transferred.

Financial assets include cash and cash equivalents, accounts receivable, and long term receivables and deposits.



Notes to the financial statements (continued)

Accounts receivable

Accounts receivable is initially recognised at nominal value which is the fair value of the consideration given in return. Accounts receivable represents the amounts due from customers of hire sale, credit sale and also includes receivable from employees and others, net of provision for doubtful debts and unearned carrying charges.

Allowances for accounts receivables are calculated applying the rates under ECL method for different ageing buckets (in days) for the current year are as follows:

<u>Ageing bucket (days)</u>	<u>2022</u>	<u>2021</u>
0 to 30	0.0%	0.1%
31 to 60	0.1%	2.4%
61 to 180	1.8%	6.0%
181 to 360	15.5%	34.0%
> 360	49.8%	26.8%

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and cash in transit. It also includes fixed deposit with bank maturity of which is not more than three months. There is no significant risk of change in value of the same.

Financial liability

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

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

Financial liabilities include lease obligations, loans and borrowings, accounts payable and other payables.

Accounts payable

The Company recognises 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.

I. Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each date of Statement of Financial Position. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.



J. Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at the date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

K. Royalty

Royalty is payable to Retail Holdings Bhold B.V. @ 3% of net annual invoice price of sale of audio-video sets (radio cassette, recorders and televisions), air conditioner and @ 1% on refrigerator assembled and manufactured in Bangladesh for the year 2022 (note 21.2).

The Company is authorised to use the name "SINGER" as part of its corporate name.

L. Warranty costs

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of all possible outcomes against their associated probabilities.

M. Investments

Investment in Central Depository Bangladesh Limited (CDBL)

Investment in CDBL is recorded at cost and represents insignificant holding.

Investment in term deposit

This represents investment in term deposit with Commercial Bank of Ceylon PLC which is renewable.

Investment in short term deposit

Investment in short term deposit represents fixed deposit with maturity of three months and over.

N. Workers' profit participation fund

The Company provides 5% of its net profit as a contribution to workers' profit participation fund before tax and charges such expense in accordance with The Bangladesh Labour Act 2006 (as amended in 2018).



O. Employee benefits

The Company maintains both defined contribution plan (provident fund) and a retirement benefit obligation (gratuity fund) for its eligible permanent employees.

Defined contribution plan (provident fund)

Defined contribution plan is a post employment benefit plan under which the Company provides benefits for all of its permanent employees. The recognised Employees' Provident Fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 12.5% of their basic salary to the provident fund and the Company also makes equal contribution. This fund is recognised by the National Board of Revenue (NBR), under the First Schedule, Part B of Income Tax Ordinance 1984.

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered required services. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund. Obligations are created when they are due.

Defined benefit obligation (gratuity)

The Company operates a funded gratuity scheme for its permanent employees, under which an employee is entitled to the benefits depending on the length of services and last drawn basic salary.

Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service cost and mutually compatible actuarial assumptions about demographic and financial variables are used.

Short-term employee benefits

This relates to leave encashment and is measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Accordingly, necessary provision is made for the amount of annual leave encashment based on the latest basic salary. This benefit is applicable for employees as per service rules.

P. Reporting period

The financial period of the Company covers one year from 1 January to 31 December. These financial statements were prepared for twelve months from 1 January to 31 December 2022.

Q. Earnings per share

The Company presents basic and diluted (when dilution is applicable) earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reserve split.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.



R. Segment reporting

Segment reporting is not applicable for the Company as it does not meet the criteria required for segment reporting specified in IFRS 8: *Operating Segments*.

S. Statement of cash flows

Statement of Cash Flows (Cash Flow Statement) is prepared under direct method in accordance with IAS 7 *Statement of Cash Flows* as required by the Bangladesh Securities and Exchange Rules 2020.

T. Events after the reporting period

Events after the balance sheet date that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Material events after the balance sheet date that are not adjusting events are disclosed in the note 36.

U. Offsetting

The Company reports separately both assets and liabilities, and income and expenses, unless required by an applicable accounting standard or offsetting reflects the substance of the transaction and such offsetting is permitted by applicable accounting standard.

V. Leases

The Company has initially applied IFRS 16 from 1 January 2019.

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

— the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

— the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

— the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

-- the Company has the right to operate the asset; or

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.



i. As a lessee

The Company recognises a right-of-use asset and a lease liability (for its retail stores / showrooms, warehouses, service centers, factories and other offices facilities) at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

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

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

The Company presents right-of-use assets and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

Currently the Company has no such short-term lease or lease of low value asset. The Company will not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company will recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term as applicable.

ii. As a lessor

There is no such lease for which the Company is a lessor.



Details of disposal of property, plant and equipment (Annexure - 1)

Particulars	Original cost	Accumulated depreciation	Net book value	For the year ended 31 December 2022		
				Sales proceed	Gain/(Loss)	Mode of disposal
Computer	10,331,067	8,783,080	1,547,987	50,227	(1,497,760)	Adjustment/sold
Equipment	1,426,051	934,025	492,026	98,111	(393,915)	Adjustment/sold
Leasehold improvements	3,283,689	2,006,248	1,277,441	962,750	(314,691)	Adjustment/sold
Vehicles	9,686,108	8,767,018	919,090	2,564,854	1,645,764	Auction sale
	24,726,915	20,490,371	4,236,544	3,675,942	(560,602)	



Details of share issue (Annexure - 2)

Date of Issue	Basis of Issue of Shares	Total Share & Share Capital		
		No. of Shares Issued	No. of Shares after Bonus	Share Capital BDT 10 each
1983	2567 ordinary shares of BDT 10 each issued for cash	25,670	25,670	256,700
1983	10,258 ordinary shares of BDT 10 each issued for consideration other than cash	102,580	102,580	1,025,800
Total ordinary shares issued		128,250	128,250	1,282,500
Bonus share				
18-Apr-85	100%	128,250	256,500	1,282,500
16-Apr-87	60%	153,900	410,400	1,539,000
16-Aug-89	100%	410,400	820,800	4,104,000
12-Jul-92	100%	820,800	1,641,600	8,208,000
12-Jul-93	100%	1,641,600	3,283,200	16,416,000
01-Jun-94	50%	1,641,600	4,924,800	16,416,000
28-May-95	50%	2,462,400	7,387,200	24,624,000
21-May-96	50%	3,693,600	11,080,800	36,936,000
16-Apr-97	50%	5,540,400	16,621,200	55,404,000
28-Apr-08	35%	5,817,420	22,438,620	58,174,200
27-Apr-11	75%	16,828,960	39,267,580	168,289,600
08-May-13	25%	9,816,895	49,084,475	98,168,950
28-Apr-14	25%	12,271,118	61,355,593	122,711,180
30-Apr-15	25%	15,338,898	76,694,491	153,388,980
23-Apr-19	30%	23,008,347	99,702,838	230,083,470
Total bonus shares issued		99,574,588		995,745,880
Total shares issued		99,702,838		997,028,380



Details of revaluation of Land and Buildings (Annexure - 3)

Location	Revalued amount (BDT) as at 31 December 2022		Accounting carrying amount of Buildings as at 31 December 2022	Valuation (Upward/Downward)	Buildings (At construction): Useful life (years)				Upward revaluation allowed or not?
	Land	Buildings			Useful life	Already used	Remaining life	Less than 50% of useful life	
Dhaka	561,000,000	10,514,016	4,885,961	Upward	40	19	21	No	Allowed
Cumilla	18,655,000	5,527,728	6,509,084	Downward	40	28	12	Yes	Not Allowed
Khulna	35,040,000	1,202,570	848,544	Upward	40	15	25	No	Allowed
Rangpur	16,800,000	4,760,640	2,571,978	Upward	40	15	25	No	Allowed
Bogra	22,100,000	16,206,680	8,397,477	Upward	40	19	21	No	Allowed
Pabna	18,000,000	6,048,000	1,742,873	Upward	40	16	24	No	Allowed
Rajbari	5,000,000	949,440	404,815	Upward	40	16	24	No	Allowed
	676,595,000	45,209,074	25,360,732						

Particulars	Land	Buildings	Total
Revalued amount	676,595,000	45,209,074	721,804,074
Carrying amount	561,180,000	25,360,732	586,540,732
Revaluation surplus	115,415,000	19,848,342	135,263,342

The land and buildings of the Company were revalued as of 31 December 2022 by independent professional valuer, Asian Surveyors Ltd, following "current cost method", which were also revalued previously in years 2005, 2008, 2010, 2012 and 2016. The revaluation of 2022 resulted in a revaluation surplus of BDT 115,415,000 for land and BDT 19,848,342 for buildings.

As per clause 9 (iii) under Section-A of BSEC notification dated 18 August 2013, upward revaluation of buildings is not allowed having remaining economic life of less than 50% of its total useful life as estimated at construction. Apropos this clause, no upward revaluation was accounted, for the buildings which remaining economic life was less than 50% of its total useful life as estimated at construction, in the books of Singer Bangladesh Limited for the year ended 31 December 2022.

