

**Singer Bangladesh Limited**

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



## Rahman Rahman Huq

Chartered Accountants

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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 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the 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
Revenue recognition has significant and wide influence on financial statements.  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.	Our audit procedures in this area included, among others: <ul style="list-style-type: none"><li>• Evaluation of design and implementation of key internal financial controls with respect to the revenue recognition and testing the operating effectiveness of such controls.</li><li>• 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.</li></ul>

**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 15,813 million (31 December 2020: BDT 14,960 million) in current year.</p>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
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**2. Recoverability of trade receivables**

<b>See note 9 to the financial statements</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Company had trade receivables of BDT 2,547 million (31 December 2020: BDT 2,347 million) at 31 December 2021.</p> <p>The recent economic turmoil due to the impact of COVID 19 cast doubt on customers' ability to repay their outstanding account balances.</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"> <li>• 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.</li> <li>• Evaluation of appropriateness of management's method for classifying receivables into different categories for impairment testing.</li> <li>• 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.</li> <li>• Recalculation of provision of doubtful debt.</li> <li>• Test of invoices/agreements on sample basis to ensure the completeness and accuracy of receivables ageing.</li> </ul>

**Independent Auditor's Report (continued)**

<b>3. Valuation of inventory</b>	
<b>See note 8 to the financial statements</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<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 2020: BDT 116 million) at 31 December 2021.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• Evaluation of methodology and management judgement to determine the provision for inventories.</li> <li>• Recalculation of provision for inventory on sample basis and comparison with management calculation.</li> <li>• 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.</li> </ul>
<b>4. Amalgamation of Business</b>	
<b>See note 1.3 to the financial statements</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Singer Bangladesh Limited had a wholly-owned subsidiary, International Appliance Limited, which has been amalgamated into Singer Bangladesh Limited during the year as per the order passed by Hon'ble High Court Division of the Supreme Court of Bangladesh in the Company Matter No. 167 of 2020.</p> <p>We have identified the amalgamation of International Appliance Limited with Singer Bangladesh Limited as a key audit matter because:</p> <ul style="list-style-type: none"> <li>- All assets and liabilities may not be accounted for in the books of accounts of Singer Bangladesh Limited as per court order.</li> <li>- Complex manual journal entries may not be properly identified by management.</li> </ul>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• Reviewing of the court order of the amalgamation.</li> <li>• Checking that all assets and liabilities of International Appliance Limited have been transferred to the books of Singer Bangladesh Limited in line with the court order.</li> <li>• Substantive testing of manual journal entries relating to the amalgamation.</li> <li>• Recalculation of current tax assets of International Appliance Limited at amalgamation date and matching the same in the books of Singer Bangladesh Limited.</li> </ul>



**Independent Auditor's Report (continued)**

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**Other Matter**

The financial statements of the Company as at and for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 25 January 2021.

**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)**

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### ***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)**

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**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 accounts 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 statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts 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, 25 January 2022

DVC: **2202060509AS654291**

Singer Bangladesh Limited  
Statement of financial position

<i>In BDT</i>	<i>Note</i>	31 December 2021	31 December 2020
<b>Assets</b>			
Property, plant and equipment	3	1,638,340,756	1,082,453,237
Intangible assets	4	23,185,096	23,878,992
Right-of-use (ROU) assets	5	1,370,847,349	1,299,332,072
Investments	6	4,199,450	650,998,506
Deferred tax assets	13	47,986,028	81,110,569
Deposits and prepayments	7	29,370,808	23,092,798
<b>Non-current assets</b>		<b>3,113,929,487</b>	<b>3,160,866,174</b>
Inventories	8	5,749,679,119	3,884,336,529
Trade and other receivables	9	2,794,108,225	2,538,977,929
Advances, deposits and prepayments	7	514,960,924	150,436,499
Current tax assets	18	451,034,014	-
Cash and cash equivalents	10	173,389,682	178,148,480
<b>Current assets</b>		<b>9,683,171,964</b>	<b>6,751,899,437</b>
<b>Total assets</b>		<b>12,797,101,451</b>	<b>9,912,765,611</b>
<b>Equity</b>			
Share capital	11	997,028,380	997,028,380
Reserves	12	563,177,930	565,877,314
Retained earnings		1,836,014,515	1,893,022,627
<b>Total equity</b>		<b>3,396,220,825</b>	<b>3,455,928,321</b>
<b>Liabilities</b>			
Retirement benefit obligations	14	5,310,705	-
Lease liabilities	5	901,271,493	821,749,098
Other liabilities	15	2,000,639,212	1,913,955,202
<b>Non-current liabilities</b>		<b>2,907,221,410</b>	<b>2,735,704,300</b>
Unclaimed dividend		12,421,891	37,021,212
Trade and other payables	16	1,689,648,228	1,904,755,423
Short-term borrowings - secured	17	4,644,314,297	1,611,518,744
Lease liabilities	5	147,274,800	117,621,805
Current tax liabilities	18	-	50,215,806
<b>Current liabilities</b>		<b>6,493,659,216</b>	<b>3,721,132,990</b>
<b>Total equity and liabilities</b>		<b>12,797,101,451</b>	<b>9,912,765,611</b>
<b>Net Asset Value (NAV) per share</b>	34	<b>34.06</b>	<b>34.66</b>

The notes and annexures on pages 11 to 55 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



Auditor

Dhaka, 25 January 2022

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

DVC: 2202060509AS654291

Singer Bangladesh Limited

Statement of profit or loss and other comprehensive income

For the year ended 31 December

In BDT

	Note	2021	2020
Sales		15,776,359,213	14,872,279,900
Earned carrying charges		36,630,193	87,530,854
	19	15,812,989,406	14,959,810,754
Cost of sales	20	(11,907,653,919)	(11,102,914,457)
<b>Gross profit</b>		<b>3,905,335,487</b>	<b>3,856,896,297</b>
Operating expenses	21	(2,674,270,695)	(2,438,136,917)
Other income	23	67,392,231	143,993,667
<b>Operating profit</b>		<b>1,298,457,023</b>	<b>1,562,753,047</b>
Finance income		203,837	90,034
Finance costs		(376,634,438)	(392,030,488)
<b>Net finance costs</b>	22	<b>(376,430,601)</b>	<b>(391,940,454)</b>
<b>Profit before contribution to workers' profit participation fund</b>		<b>922,026,422</b>	<b>1,170,812,593</b>
Contribution to workers' profit participation fund	24	(46,101,321)	(58,540,630)
<b>Profit before taxation</b>		<b>875,925,101</b>	<b>1,112,271,963</b>
Income tax expense	25	(357,450,680)	(308,648,431)
<b>Profit after tax</b>		<b>518,474,421</b>	<b>803,623,532</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit liability	14	(22,441,495)	1,915,862
Related tax	25.2	5,049,336	(478,966)
		(17,392,159)	1,436,897
<b>Total comprehensive income for the year</b>		<b>501,082,262</b>	<b>805,060,429</b>
<b>Earnings per share (EPS)</b>	30	<b>5.20</b>	<b>8.06</b>

The notes and annexures on pages 11 to 55 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, 25 January 2022

  
 Auditor

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

DVC: 2202060509AS654291

Singer Bangladesh Limited  
Statement of changes in equity

For the year ended 31 December 2021

In BDT	Share capital	Revaluation reserve	Capital reserve	Non-remittable special capital		Retained earnings	Total equity
				reserve	reserve		
Note >	11	12.1	12.2	12.3	12.4		
<b>Balance at 1 January 2020</b>	997,028,380	550,340,462	18,190,942	370,178	232,847	1,851,331,233	3,417,494,042
<b>Total comprehensive income</b>							
Profit	-	-	-	-	-	803,623,532	803,623,532
Other comprehensive income	-	-	-	-	-	1,436,897	1,436,897
<b>Total comprehensive income for the year</b>	-	-	-	-	-	805,060,429	805,060,429
<b>Transaction with owners of the Company</b>							
<b>Contributions and distributions</b>							
Dividends:							
Cash dividend - 2019	-	-	-	-	-	(767,711,855)	(767,711,855)
<b>Total contributions and distributions</b>	-	-	-	-	-	(767,711,855)	(767,711,855)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	-	-	-	-	1,085,705	1,085,705
Transfer of depreciation on revaluation surplus	-	(3,257,115)	-	-	-	3,257,115	-
	-	(3,257,115)	-	-	-	4,342,820	1,085,705
<b>Balance at 31 December 2020</b>	997,028,380	547,083,347	18,190,942	370,178	232,847	1,893,022,627	3,455,928,321
<b>Balance at 1 January 2021</b>	997,028,380	547,083,347	18,190,942	370,178	232,847	1,893,022,627	3,455,928,321
<b>Adjustment for Amalgamation</b>							
Total comprehensive income						(262,581,245)	(262,581,245)
Profit	-	-	-	-	-	518,474,421	518,474,421
Other comprehensive income	-	-	-	-	-	(17,392,159)	(17,392,159)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	501,082,262	501,082,262
<b>Transaction with owners of the Company</b>							
<b>Contributions and distributions</b>							
Dividends:							
Cash dividend 2020	-	-	-	-	-	(299,108,515)	(299,108,515)
<b>Total contributions and distributions</b>	-	-	-	-	-	(299,108,515)	(299,108,515)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	(2,699,384)	-	-	-	900,002	900,002
Transfer of depreciation on revaluation surplus	-	(2,699,384)	-	-	-	2,699,384	-
	-	(2,699,384)	-	-	-	3,599,386	900,002
<b>Balance at 31 December 2021</b>	997,028,380	544,383,963	18,190,942	370,178	232,847	1,836,014,515	3,396,220,825

The notes and annexures on pages 11 to 55 are an integral part of these financial statements.



Singer Bangladesh Limited  
Statement of cash flows

For the year ended 31 December  
In BDT

	Note	2021	2020
<b>Cash flows from operating activities</b>			
Collections from turnover and other income		18,097,677,105	17,482,925,756
Payments for costs and expenses		(19,272,386,414)	(15,515,361,740)
Interest paid on borrowings/lease		(383,730,601)	(469,502,976)
Payments to workers' profit participation fund		(58,540,556)	(75,321,513)
Income tax paid	18.1	(514,048,421)	(401,148,596)
<b>Net cash from/(used in) operating activities</b>	35	<b>(2,131,028,887)</b>	<b>1,021,590,931</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(394,176,446)	(82,300,802)
Dividend received from CDBL	23	1,427,952	856,772
Proceeds from sale of property, plant and equipment	Annex-1	1,400,585	6,911,590
<b>Net cash from/(used in) investing activities</b>		<b>(391,347,909)</b>	<b>(74,532,440)</b>
<b>Cash flows from financing activities</b>			
Term loan received/repayment		(14,214,569)	-
Lease liability (principal repayment)		(237,054,792)	(209,608,190)
Dividends paid		(263,908,194)	(604,539,512)
<b>Net cash from/(used in) financing activities</b>		<b>(515,177,555)</b>	<b>(814,147,702)</b>
<b>Net increase/(decrease) in cash</b>		<b>(3,037,554,351)</b>	<b>132,910,789</b>
Cash and cash equivalents at 1 January		(1,433,370,264)	(1,566,281,053)
<b>Cash and cash equivalents at 31 December</b>		<b>(4,470,924,615)</b>	<b>(1,433,370,264)</b>
<b>Closing cash and cash equivalents have been arrived at as follows:</b>			
Cash and cash equivalents	10	173,389,682	178,148,480
Short-term borrowings - secured (bank overdrafts)	17	(4,644,314,297)	(1,611,518,744)
		<b>(4,470,924,615)</b>	<b>(1,433,370,264)</b>
<b>Net operating cash flow per share (NOCFPS)</b>	35.1	<b>(21.37)</b>	10.25

The notes and annexures on pages 11 to 55 are an integral part of these financial statements.



## Notes to the financial statements

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### 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 Koulashur, 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 1340.

##### 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 01.02.2021 passed by Hon'ble High Court Division of the Supreme Court of Bangladesh in the Company Matter No. 167 of 2020, acquisition date was March 14, 2021.

##### iv. Percentage of voting equity interest acquired

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



## Notes to the Financial Statements (continued)

### v. Primary reason for amalgamation

To consolidate and effectively manage the business of manufacturing and marketing of refrigerators, televisions, air conditioners, washing machines and other consumer electronics and household appliances. It is intended that the Transferee Company has been amalgamated with the Transferor Company. The amalgamation of Transferee Company with the Transferor Company would inter alia have the following benefits:

- a) The combination of Transferee Company and Transferor Company would further enhance the strengths of Transferee Company in order to develop the potential for further growth and expansion of the market and to improve synergies, optimize resources and increase fund raising capabilities.
- b) The Transferor Company's business is manufacturing and selling of refrigerators of different capacities, models and types with a brand of "Singer" for exclusive marketing by Singer Bangladesh Limited. This scheme of Amalgamation intends to merge the operations of the Transferor Company with that of the Transferee Company to achieve larger product portfolios, economies of scale, efficiency, optimisation of logistics and distribution network and other related economies by consolidating the business operations by introduction of vertical integration.
- c) The Transferee Company will have the benefit of the combined resources of Transferor Company and Transferee Company. The Transferee Company would be in a position to carry on consolidated operations through optimum utilisation of resources, minimisation of common costs, administrative, managerial and other expenditure and better financial strength, whilst improving operational rationalisation, organisational efficiency, and optimal utilisation of various resources.
- d) The Transferee Company will have potentials to increase earnings per share resulting in maximising shareholders wealth.
- e) The proposed amalgamation will create greater value for the shareholders, creditors and employees than could be delivered as separate companies.
- f) The interest of the existing employees of the Transferor Company shall be protected with continuity of employment, better utilisation of manpower and an opportunity for enhancement of technical knowledge and expertise being provided.

### vi. Method of amalgamation

The Amalgamated Company includes in its financial statements the assets, liabilities, income, and expenses of the Amalgamating Company at book value prospectively from the combination date (14 March 2021), without restating pre-combination information. Comparative figures are presented on standalone basis to make it more meaningful to the users of financial statements to understand the increase of assets and liabilities due to amalgamation.

## 2 Basis of preparation

### 2.1 Statement of compliance

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. The Financial Reporting Council (FRC) under the FRA has been formed in 2017 but the Financial Reporting Standards (FRS) under this council are yet to be issued for public interest entities such as listed entities.

As the FRS are yet to be issued by FRC hence as per the provisions of the FRA (section-69), the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 1994. The title and format of these financial statements follow the requirements of IFRSs which are to some extent different from the requirement of the Companies Act, 1994. However, such differences are not material and in the view of management, IFRS format gives a better presentation to the shareholders.

The Company also complied with the requirements of following laws and regulations from various Government bodies:

- i. Bangladesh Securities and Exchange Ordinance, 1969;
- ii. Bangladesh Securities and Exchange Rules, 2020;
- iii. The Income Tax Ordinance, 1984; and
- iv. The Value Added Tax and Supplementary Duty Act, 2012.
- v. Listing Regulations of Dhaka and Chittagong Stock Exchange; and
- vi. Other relevant local laws as applicable.



## **Notes to the Financial Statements (continued)**

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These financial statements have been prepared on going concern basis. Unless otherwise specifically mentioned, historical cost principle has been followed for the purpose of these financial statements.

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 2022.

### **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 (specifically COVID 19) which may cast significant doubt upon the Company's ability to continue as a going concern.

### **2.3 Impact of COVID-19**

In view of the second wave of current Pandemic of COVID-19, the management of the Company has made 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.

Owing to COVID-19 circumstances, preparation of reliable forecast information is challenging as this can have a pervasive impact across multiple elements of financial statements due to adverse impact which started to get reflected from late March and continued up to middle of August. Thus, 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 realisable value of inventory, the recoverability of deferred tax assets and the entity's ability to continue as a going concern.

Sales exceed expectation as positive customer behavior was experienced during the first quarter of 2021. The 2nd wave of COVID-19 pandemic has struck again during April and the government has imposed various restrictions, including lockdown which was continuing up to mid of August 2021, on stage by stage which adversely affected all the business activities. The government has imposed restrictions (lockdown/shutdown) in different districts of the country, specially in the districts nearer to Indian border to prevent the spread of Delta (Indian) variant of COVID-19. As a result of this second wave of COVID-19 pandemic, macroeconomic performance of the country as well as the Company's operations and its financial position have impacted unfavorably.

Businesses were tended to return to their normal environment and positive customer behavior was noticed in the market after the relaxation of the restrictions. However, overall economy of the country is passing through the threat of new variant (i.e. Omicron) of COVID-19 which has again created uncertainties worldwide, indicated by locally 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. Locally 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, the management of the Company 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 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-31.1.2.



## **Notes to the Financial Statements (continued)**

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### **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 Taka, 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 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 Right-of-use assets  
Note 5 Lease liabilities

#### **(b) Assumptions and estimation uncertainties**

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

Note 3 Property, plant and equipment  
Note 8 Inventories  
Note 9.3 Provision for doubtful debts  
Note 13 Deferred tax assets  
Note 14 Employee benefits  
Note 18 Current tax liabilities  
Note 26 Contingent liabilities

### **2.6 Current versus non-current classification**

The Company presents assets and liabilities in 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.

The company classifies all other liabilities as non-current.



otes to the financial statements (continued)

Property, plant and equipment

See accounting policy in Note 38 (F)

Reconciliation of carrying amount

In BDT	Land		Building		Leasehold improvements		Plant and machinery	Vehicles	Furniture and fixtures	Equipment and tools	CWIP (Note 3.1)	Total
	Office	Factory	Office	Factory	Shops	machinery						
<b>Cost</b>												
Balance at 1 January 2020	561,180,000	87,714,677	221,377,967	-	22,646,717	542,612,911	67,228,012	116,517,320	24,843,067	228,506,986	1,051,441	1,873,679,097
Additions	-	-	-	-	61,300	46,776,971	-	11,791,178	1,842,065	22,376,469	324,260	83,172,243
Revaluation	-	-	-	-	-	(8,849,106)	(25,581,421)	(3,450,000)	(228,450)	(9,556,028)	(1,051,441)	(48,716,446)
Disposals/transfers	-	-	-	-	-	580,540,776	41,646,591	124,858,498	26,456,682	241,327,427	324,260	1,908,134,894
<b>Balance at 31 December 2020</b>	<b>561,180,000</b>	<b>87,714,677</b>	<b>221,377,967</b>	<b>-</b>	<b>22,708,017</b>	<b>580,540,776</b>	<b>41,646,591</b>	<b>124,858,498</b>	<b>26,456,682</b>	<b>241,327,427</b>	<b>324,260</b>	<b>1,908,134,894</b>
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	241,327,427	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)
<b>Balance at 31 December 2021</b>	<b>561,180,000</b>	<b>87,714,677</b>	<b>221,377,967</b>	<b>16,449,852</b>	<b>22,708,017</b>	<b>616,797,065</b>	<b>641,780,796</b>	<b>169,960,918</b>	<b>33,273,931</b>	<b>275,455,682</b>	<b>126,309,126</b>	<b>2,773,008,030</b>
<b>Accumulated depreciation</b>												
Balance at 1 January 2020	-	52,926,307	195,590,684	-	12,966,659	250,377,625	45,587,446	78,383,817	11,547,398	137,718,055	-	785,097,991
Depreciation for the year	-	3,478,837	5,157,460	-	1,452,666	30,212,617	4,328,112	9,768,497	1,411,551	19,629,648	-	75,439,388
Adjustment for disposal/transfers	-	-	-	-	-	(4,575,407)	(18,667,193)	(3,153,647)	(123,613)	(8,335,862)	-	(34,855,722)
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>56,405,144</b>	<b>200,748,144</b>	<b>-</b>	<b>14,419,325</b>	<b>276,014,835</b>	<b>31,248,365</b>	<b>84,998,667</b>	<b>12,835,336</b>	<b>149,011,841</b>	<b>-</b>	<b>825,681,657</b>
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)
<b>Balance at 31 December 2021</b>	<b>-</b>	<b>59,536,097</b>	<b>204,874,109</b>	<b>7,785,211</b>	<b>15,730,301</b>	<b>304,567,640</b>	<b>255,585,200</b>	<b>97,823,779</b>	<b>16,439,769</b>	<b>172,325,168</b>	<b>-</b>	<b>1,134,667,274</b>
<b>Carrying amounts</b>												
At 1 January 2020	561,180,000	34,788,370	25,787,283	-	9,680,058	292,235,286	21,640,566	38,133,503	13,295,669	90,788,931	1,051,441	1,088,581,106
At 31 December 2020	561,180,000	31,309,533	20,629,823	-	8,288,692	304,525,941	10,398,226	39,859,831	13,621,346	92,315,586	324,260	1,082,453,237
<b>At 31 December 2021</b>	<b>561,180,000</b>	<b>28,178,590</b>	<b>16,503,858</b>	<b>8,664,641</b>	<b>6,977,716</b>	<b>312,229,425</b>	<b>386,195,596</b>	<b>72,137,139</b>	<b>16,834,162</b>	<b>103,130,514</b>	<b>126,309,126</b>	<b>1,638,340,756</b>



Notes to the financial statements (continued)

3.1 Capital work in progress (CWIP)

<i>In BDT</i>	Leasehold improvements	Building	Total
<b>Cost</b>			
Balance at 1 January 2020	1,051,441	-	1,051,441
Additions	324,260	-	324,260
Disposals/transfers	(1,051,441)	-	(1,051,441)
<b>Balance at 31 December 2020</b>	<b>324,260</b>	<b>-</b>	<b>324,260</b>

<i>In BDT</i>	Leasehold improvements	Building	Total
<b>Cost</b>			
Balance at 1 January 2021	324,260	-	324,260
Additions	280,815,835	-	280,815,835
Disposals/transfers	(154,830,969)	-	(154,830,969)
<b>Balance at 31 December 2021</b>	<b>126,309,126</b>	<b>-</b>	<b>126,309,126</b>

3.2 Allocation of depreciation

<i>In BDT</i>	Note	For the year ended 31 December	
		2021	2020
Cost of sales	20	72,208,228	12,168,040
Operating expenses	21	66,046,263	63,271,348
		<b>138,254,491</b>	<b>75,439,388</b>



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	
	2021	2020
<b>Cost</b>		
Balance at 1 January	75,942,406	75,762,406
Amalgamation of business	620,174	-
Additions	4,275,390	180,000
Disposals/transfers	-	-
<b>Balance at 31 December</b>	<b>80,837,970</b>	<b>75,942,406</b>
<b>Accumulated amortisation</b>		
Balance at 1 January	52,063,414	46,097,416
Amalgamation of business	73,873	-
Amortisation for the year	5,515,587	5,965,998
Adjustment for disposal/transfers	-	-
<b>Balance at 31 December</b>	<b>57,652,874</b>	<b>52,063,414</b>

Carrying amounts

<i>In BDT</i>	2021	2020
<b>Balance at 31 December</b>	<b>23,185,096</b>	<b>23,878,992</b>



Notes to the financial statements (continued)

**5 Leases**

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>	<b>2021</b>	<b>2020</b>
Right-of-use assets	5.1	<b>1,370,847,349</b>	1,299,332,072
Lease liabilities	5.2	<b>1,048,546,293</b>	939,370,903

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>	<b>2021</b>	<b>2020</b>
<b>Cost</b>		
Balance at 1 January	<b>1,713,335,006</b>	1,552,623,417
Amalgamation of business	<b>139,548,531</b>	-
Additions	<b>309,192,420</b>	216,558,304
Disposals/adjustments	<b>(27,865,209)</b>	(55,846,715)
<b>Balance at 31 December</b>	<b>2,134,210,748</b>	1,713,335,006
<b>Accumulated depreciation</b>		
Balance at 1 January	<b>414,002,934</b>	212,555,103
Amalgamation of business	<b>69,398,194</b>	-
Depreciation for the year	<b>295,364,110</b>	238,732,256
Disposals/adjustments	<b>(15,401,839)</b>	(37,284,424)
<b>Balance at 31 December</b>	<b>763,363,399</b>	414,002,934
<b>Carrying amounts</b>	<b>2021</b>	<b>2020</b>
<b>At 31 December</b>	<b>1,370,847,349</b>	1,299,332,072

**5.2 Lease liabilities**

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>	<b>2021</b>	<b>2020</b>
Current	<b>147,274,800</b>	117,621,805
Non-current	<b>901,271,493</b>	821,749,098
Lease liabilities included in the statement of financial position at 31 December	<b>1,048,546,293</b>	939,370,903

**Amounts recognised in profit or loss**

<i>In BDT</i>	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	<b>106,512,108</b>	95,662,522
	<b>106,512,108</b>	95,662,522

**Amounts recognised in the statement of cash flows**

<i>In BDT</i>	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	<b>343,566,900</b>	305,270,712
	<b>343,566,900</b>	305,270,712



Notes to the financial statements (continued)

6 Investments

See accounting policy in Note 38 (M)

<i>In BDT</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
Investment in subsidiary	6.1	-	646,799,056
Investment in term deposit		<b>2,630,000</b>	2,630,000
Investment in Central Depository Bangladesh Limited (CDBL)		<b>1,569,450</b>	1,569,450
		<b>4,199,450</b>	650,998,506

6.1 Investment in subsidiary

International Appliances Limited (IAL) was a fully owned subsidiary of Singer Bangladesh Limited ("the Company"). Subsequently, IAL has been amalgamated with the Company in the current year on 14 March 2021.

The detail of investment in IAL:

<i>In BDT</i>	
Investment up to 2018	351,787,595
Investment in 2019	295,011,461
<b>Total</b>	<b>646,799,056</b>

7 Advances, deposits and prepayments

See accounting policy in Note 38 (H)

<i>In BDT</i>	<b>2021</b>	<b>2020</b>
<b>Advances</b>	-	-
Security deposits	<b>29,370,808</b>	23,092,797
<b>Deposits</b>	<b>29,370,808</b>	23,092,797
Prepayments	<b>514,960,924</b>	150,436,500
<b>Prepayments</b>	<b>514,960,924</b>	150,436,500
<b>Total</b>	<b>544,331,732</b>	173,529,297

  

<i>In BDT</i>	<b>2021</b>	<b>2020</b>
Non-current portion of deposits and prepayments	<b>29,370,808</b>	23,092,798
Current portion of advances, deposits and prepayments	<b>514,960,924</b>	150,436,499
<b>Total</b>	<b>544,331,732</b>	173,529,297

8 Inventories

See accounting policy in Note 38 (E)

<i>In BDT</i>	<b>2021</b>	<b>2020</b>
Finished goods	<b>4,809,718,430</b>	3,247,122,506
Non-Trade goods	<b>20,341,512</b>	11,649,809
Raw materials	<b>760,659,208</b>	102,504,365
Goods in transit	<b>277,736,823</b>	638,836,703
	<b>5,868,455,973</b>	4,000,113,383
Provision for inventory obsolescence	<b>(118,776,854)</b>	(115,776,854)
	<b>5,749,679,119</b>	3,884,336,529

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>	<b>2021</b>	<b>2020</b>
Trade receivables	9.1	<b>2,546,852,527</b>	2,347,210,524
Other receivables	9.2	<b>247,255,698</b>	191,767,405
		<b>2,794,108,225</b>	2,538,977,929

9.1 Trade receivables

<i>In BDT</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
Hire customer receivables	9.1.1	<b>2,238,678,962</b>	2,153,043,022
Trade and dealer receivables	9.1.2	<b>308,173,565</b>	194,167,502
		<b>2,546,852,527</b>	2,347,210,524

9.1.1 Hire customer receivables

<i>In BDT</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
Hire receivable from customers		<b>2,585,847,449</b>	2,530,757,114
Unearned carrying charges		<b>(296,435,033)</b>	(304,849,928)
		<b>2,289,412,416</b>	2,225,907,186
Provision for doubtful debts	9.3.1	<b>(50,733,454)</b>	(72,864,164)
		<b>2,238,678,962</b>	2,153,043,022

9.1.2 Trade and dealer receivables

<i>In BDT</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
Trade receivables		<b>148,077,548</b>	131,377,636
Receivables from dealers		<b>183,219,776</b>	91,265,444
		<b>331,297,324</b>	222,643,080
Provision for doubtful debts	9.3.1	<b>(23,123,759)</b>	(28,475,578)
		<b>308,173,565</b>	194,167,502

9.2 Other receivables

<i>In BDT</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
Receivable from Shop Managers		<b>49,066,034</b>	24,890,323
Receivable from Retail Holdings Bhold B.V., The Netherlands		<b>2,158,465</b>	2,158,465
Receivable from employees		<b>6,121,374</b>	6,233,871
Receivable from others	9.2.1	<b>241,588,871</b>	186,145,792
Employees provident fund		<b>406,603</b>	2,266,275
Retirement benefit	14	-	10,878,328
		<b>299,341,347</b>	232,573,054
Provision for doubtful debts	9.3.1	<b>(52,085,649)</b>	(40,805,649)
		<b>247,255,698</b>	191,767,405

9.2.1 Receivable from others includes BDT 110,000,000 in respect of insurance claim regarding inventories of Chottogram warehouse which were burnt due to fire on 20 March 2019. Total value of inventories burnt was BDT 126,752,760. Out of this, BDT 110,000,000 had been covered by insurance. Insurance company had appointed the independent surveyor for an independent report to acknowledge the loss suffered by Singer. Inventory had been fully adjusted for this incident and receivables had been recognised because it is virtually certain that the claim will be recoverable.



Notes to the financial statements (continued)

9.3 Provision for doubtful debts

<i>In BDT</i>	<i>Note</i>	2021	2020
Opening balance		142,145,391	84,388,268
Provision for the year		22,051,844	85,838,216
		164,197,235	170,226,484
Written-off during the year		(38,254,373)	(28,081,093)
Closing balance	9.3.1	125,942,862	142,145,391

9.3.1 Provision for doubtful debts-Closing balance

<i>In BDT</i>	<i>Note</i>	2021	2020
Hire customer receivables	9.1.1	50,733,454	72,864,164
Trade and dealer receivables	9.1.2	23,123,759	28,475,578
Other receivables	9.2	52,085,649	40,805,649
		125,942,862	142,145,391

9.4 Ageing of hire receivables from customers

<i>In BDT</i>	<i>Note</i>	2021	2020
Due within 3 months		1,072,685,556	1,077,801,115
Due over 3 months but within 6 months		851,462,442	856,696,578
Due over 6 months but within 9 months		464,805,148	445,265,852
Due over 9 months but within 12 months		160,750,205	135,292,146
Over 12 months		36,144,098	15,701,423
	9.5	2,585,847,449	2,530,757,114

9.5 Particulars of hire receivables from customers

<i>In BDT</i>	2021	2020
Secured - considered good:		
Debts due within 6 months	1,873,414,544	1,861,633,529
Debts due over 6 months	661,699,451	596,259,421
	2,535,113,995	2,457,892,950
Secured - considered doubtful:	50,733,454	72,864,164
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	-	-
	2,585,847,449	2,530,757,114

10 Cash and cash equivalents

See accounting policy in Note 38 (H)

<i>In BDT</i>	2021	2020
Cash in hand	75,892	91,993
Cash at bank	166,901,713	168,930,076
Cash in transit	6,412,077	9,126,411
	173,389,682	178,148,480



Notes to the financial statements (continued)

11 Share capital

<i>In BDT</i>	2021	2020
<b>Authorised:</b>		
250,000,000 ordinary shares of Taka 10 each	2,500,000,000	2,500,000,000
<b>Issued, subscribed and paid up:</b>		
25,670 ordinary shares of Taka 10 each issued for cash	256,700	256,700
102,580 ordinary shares of Taka 10 each issued for consideration other than cash	1,025,800	1,025,800
99,574,588 ordinary shares of Taka 10 each issued as fully paid-up bonus shares	995,745,880	995,745,880
	<b>997,028,380</b>	<b>997,028,380</b>

Shareholding position:	2021		2020	
	No. of share	Value (BDT)	No. of share	Value (BDT)
<u>Name of shareholder</u>				
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
	<b>99,702,838</b>	<b>997,028,380</b>	<b>99,702,838</b>	<b>997,028,380</b>

Beneficial percentage of holdings	2021	2020
<u>Name of shareholder</u>		
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%
	<b>100.00%</b>	<b>100.00%</b>

Classification of shareholders by holding:	Number of shareholders		Total holding (%)	
	2021	2020	2021	2020
<b>Shareholding range</b>				
Less than 500 shares	6,581	6,509	1.02	1.02
500 to 5,000 shares	2,651	3,041	4.18	4.76
5,001 to 10,000 shares	226	255	1.61	1.80
10,001 to 20,000 shares	120	155	1.76	2.28
20,001 to 30,000 shares	54	47	1.38	1.18
30,001 to 40,000 shares	19	37	0.69	1.33
40,001 to 50,000 shares	16	23	0.74	1.07
50,001 to 100,000 shares	31	53	2.32	3.92
100,001 to 1,000,000 shares	54	56	15.14	14.17
Over 1,000,000 shares	9	9	71.16	68.47
	<b>9,761</b>	<b>10,185</b>	<b>100.00</b>	<b>100.00</b>

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



Notes to the financial statements (continued)

**12 Reserves**

<i>In BDT</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
Revaluation reserve	12.1	<b>544,383,963</b>	547,083,347
Capital reserve	12.2	<b>18,190,942</b>	18,190,942
Non-remittable special capital reserve	12.3	<b>370,178</b>	370,178
Non-distributable special reserve	12.4	<b>232,847</b>	232,847
		<b>563,177,930</b>	565,877,314

**12.1 Revaluation reserve**

The land of the Company was revalued as of 14 December 2016 by independent professional valuer, Asian Surveyors Ltd, following "current cost method", which was also revalued previously in years 2005, 2008, 2010 and 2012. The revaluation of 2016 resulted in a revaluation surplus of Taka 171,922,000.

The buildings of the Company were revalued along with the lands as of 14 December 2016. 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 in the books of Singer Bangladesh Limited for the year ended 31 December 2016.

As per clause 8 of BESC circular # SEC/CMRRCD/2009-193/150/Admin dated 18 August, 2013 "time lag between two valuations for the same class of assets shall not be less than three years; provided that no upward revaluation of an asset shall be made within two years of its acquisition". Based on management assessment the revaluation is not required during this year as the fair value of revalued assets is not materially differed from last revaluation.

**12.2 Capital reserve**

This represents capital gain on disposal of factory land and building at Chittagong 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>	<b>2021</b>	<b>2020</b>
Opening balance		<b>81,110,569</b>	43,667,319
Amalgamation of business		<b>(26,558,458)</b>	-
		<b>54,552,111</b>	43,667,319
Released/(expense) during the year		<b>(7,466,085)</b>	36,357,545
Transferred to retained earnings		<b>900,002</b>	1,085,705
		<b>(6,566,083)</b>	37,443,250
Closing balance	13.1	<b>47,986,028</b>	81,110,569



Notes to the financial statements (continued)

13.1 Closing balance

<i>In BDT</i>	Note	2021	2020
Deferred tax assets	13.1.1	106,484,796	102,618,606
Deferred tax liabilities	13.1.2	(58,498,768)	(21,508,037)
		47,986,028	81,110,569

13.1.1 Deferred tax assets

<i>In BDT</i>	2021	2020
Reserve against inventories	27,956,595	28,944,213
Reserve for warranty	32,958,532	29,502,987
Provision for bad debts	28,337,144	35,536,348
Property, plant and equipment	-	1,354,042
Leases	17,232,525	7,281,016
	106,484,796	102,618,606

13.1.2 Deferred tax liabilities

<i>In BDT</i>	2021	2020
Revaluation of land and building	(19,169,118)	(21,508,037)
Property, plant and equipment	(39,329,650)	-
	(58,498,768)	(21,508,037)

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

14 Employee benefit

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>	2021	2020
<b>Amounts recognised in the statement of financial position</b>		
Defined benefit obligation	(151,567,088)	(132,449,159)
Fair value of plan assets	146,256,383	143,327,487
Net defined benefit plan assets	(5,310,705)	10,878,328
<b>Change in benefit obligation</b>		
Benefit obligation at end of prior year	(132,449,159)	(127,228,827)
Service cost	(9,831,936)	(8,324,868)
Interest expense	(9,933,687)	(10,814,450)
Benefit payments from plan assets	9,090,131	18,048,707
Experience gain/(loss)	(8,442,437)	(4,129,721)
Defined benefit obligation at end of year	(151,567,088)	(132,449,159)
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at end of prior year	143,328,328	132,081,487
Interest income	10,748,784	11,226,926
Employer contributions	15,268,460	12,023,039
Benefit payments from plan assets	(9,090,131)	(18,048,707)
Actuarial gains/(losses) on plan assets	(13,999,058)	6,045,583
Fair value of plan assets at end of year	146,256,383	143,328,328



Notes to the financial statements (continued)

<b>Fair value of plan assets</b>		
Investment	143,416,343	135,479,654
Accrued interest on investment	2,774,178	3,931,641
Cash at bank	65,860	3,917,033
	<b>146,256,381</b>	<b>143,328,328</b>

<b>Components of Defined Benefit Cost (DBO)</b>		
Service cost	9,831,936	8,324,868
Interest expense on DBO	9,933,687	10,814,450
Interest (income) on plan assets	(10,748,784)	(11,226,926)
Defined benefit cost included in profit or loss	<b>9,016,839</b>	<b>7,912,392</b>

<b>Remeasurements (recognised in other comprehensive income-OCI)</b>		
Experience gain/(loss)	(8,442,437)	(4,129,721)
Actuarial gains/(losses) on plan assets	(13,999,058)	6,045,583
Total remeasurements in OCI	<b>(22,441,495)</b>	<b>1,915,862</b>
Total defined benefit cost recognised in profit or loss and OCI	<b>31,458,334</b>	<b>5,996,530</b>

**15 Other liabilities**

<i>In BDT</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
Non-remittable accounts	15.1	1,622,235,133	1,562,435,491
Security deposits from branch managers, agents and dealers		338,472,051	312,186,330
Warranty - long term portion		39,932,028	39,333,381
		<b>2,000,639,212</b>	<b>1,913,955,202</b>

**15.1 Non-remittable accounts**

<i>In BDT</i>	<b>2021</b>	<b>2020</b>
Current account	(78)	(78)
Dividend account:		
Opening balance	1,561,955,579	1,408,469,831
Dividend for the year	59,799,642	153,485,748
Closing balance	1,621,755,221	1,561,955,579
Capital gain on sale of land	479,990	479,990
	<b>1,622,235,133</b>	<b>1,562,435,491</b>

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 Taka 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>	Note	2021	2020
Trade payables	16.1	451,693,441	673,528,013
Other payables	16.2	1,237,954,787	1,231,227,410
		<b>1,689,648,228</b>	<b>1,904,755,423</b>

16.1 Trade payables

<i>In BDT</i>	2021	2020
Trade payable	393,228,925	619,827,572
Freight and carriage and technicians bills payable	58,464,516	53,700,441
	<b>451,693,441</b>	<b>673,528,013</b>

16.2 Other payables

<i>In BDT</i>	Note	2021	2020
Payable for expenses	16.2.1	787,003,809	809,656,488
Royalty		354,380,337	314,648,015
Payable for other finance	16.2.2	96,361,641	94,105,042
Leasehold improvements against new shops		209,000	12,817,865
		<b>1,237,954,787</b>	<b>1,231,227,410</b>

16.2.1 Payable for expenses

<i>In BDT</i>	2021	2020
Advertisement and sales promotion	294,326,778	252,793,207
Reserve for early closing of hire sales	216,797,083	262,265,321
Shop rent	13,527,461	20,422,400
Warranty expenses	79,876,045	78,678,565
Reserve for allowable loss	50,155,128	51,969,978
Workers' profit participation and welfare fund	46,101,321	58,540,556
Duty and freight	9,958,156	9,958,156
Utilities	5,000,000	5,000,000
Interest	10,800,000	18,100,000
Transacting & collecting commission/bonuses	3,110,073	8,994,559
Salary and benefits	28,694,137	26,746,448
Statutory audit fee	1,380,000	1,150,000
Selling expenses	1,040,095	1,033,311
Professional and technical fees	4,916,000	7,835,000
Insurance and other	21,321,532	6,168,987
	<b>787,003,809</b>	<b>809,656,488</b>

16.2.2 Payable for other finance

<i>In BDT</i>	2021	2020
VAT payable - realised from customers	5,964,979	7,440,343
Withholding taxes	24,297,195	21,289,318
Advances from customers	8,266,047	17,360,384
Others	57,833,420	48,014,997
	<b>96,361,641</b>	<b>94,105,042</b>



Notes to the financial statements (continued)

17 Short-term borrowings - secured

See accounting policy in Note 38 (H)

<i>In BDT</i>	2021	2020
Bank overdrafts/Short-term loan	4,644,314,297	1,611,518,744

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>		2021	2020
Commercial Bank of Ceylon Plc	Bank overdraft	231,691,693	110,789,571
Pubali Bank Ltd.	Bank overdraft	211,230,155	109,944,575
HSBC	Bank overdraft	300,670,122	109,661,063
Bank-Al-Falah	Bank overdraft	296,788,391	271,190,155
Standard Chartered Bank Ltd.	Bank overdraft	278,334,016	46,494,229
Eastern Bank Ltd.	Bank overdraft	23,124,954	35,264,762
Mutual Trust Bank Ltd.	Bank overdraft	3,753,860	5,049,995
City Bank Ltd.	Bank overdraft	48,675,646	56,735,395
Dhaka Bank Ltd.	Bank overdraft	45,459	-
Commercial Bank of Ceylon Plc	Short-term loan	1,190,000,000	516,000,000
HSBC	Short-term loan	350,000,000	60,389,000
Standard Chartered Bank Ltd.	Short-term loan	400,000,000	120,000,000
Bank-Al-Falah	Short-term loan	100,000,000	100,000,000
Pubali Bank Ltd.	Short-term loan	110,000,000	40,000,000
Eastern Bank Ltd.	Short-term loan	500,000,000	-
City Bank Ltd.	Short-term loan	100,000,000	-
Dutch Bangla Bank Ltd.	Short-term loan	500,000,000	-
Trust Bank Ltd.	Short-term loan	-	30,000,000
		4,644,314,297	1,611,518,744

18 Current tax assets/(liabilities)

See accounting policy in Note 38 (D)

<i>In BDT</i>	Note	2021	2020
Advance income tax	18.1	2,596,873,524	1,667,739,997
Provision for income tax	18.2	(2,145,839,510)	(1,717,955,803)
		451,034,014	(50,215,806)

18.1 Advance income tax

<i>In BDT</i>	2021	2020
Opening balance	1,667,739,997	1,266,591,401
Amalgamation of business	415,085,106	-
	2,082,825,103	1,266,591,401
Add: Advance income tax paid during the year	514,048,421	401,148,596
<b>Closing balance</b>	<b>2,596,873,524</b>	<b>1,667,739,997</b>

18.2 Provision for income tax

<i>In BDT</i>	2021	2020
Opening balance	1,717,955,803	1,372,949,827
Amalgamation of business	77,899,112	-
	1,795,854,915	1,372,949,827
Provision during the year	390,884,595	345,005,976
Adjustment for prior year	(40,900,000)	-
	2,145,839,510	1,717,955,803



Notes to the financial statements (continued)

19 Turnover

See accounting policy in Note 38 (A)

A. Revenue streams

<i>In BDT</i>	2021	2020
Revenue from contracts with customers	15,776,359,213	14,872,279,900
Earned carrying charges	36,630,193	87,530,854
	<b>15,812,989,406</b>	<b>14,959,810,754</b>

B. Disaggregation of revenue from contracts with customers

<i>In BDT</i>	2021	2020
Home appliances	10,707,008,863	10,028,124,122
Consumer electronics	3,657,823,147	2,555,594,164
Sewing machines	1,149,577,110	758,719,059
Other appliances	261,950,093	1,529,842,555
	<b>15,776,359,213</b>	<b>14,872,279,900</b>

Previous year's figures have been rearranged for the purpose of current year's presentation.

C. Contract balances

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

<i>In BDT</i>	Note	2021	2020
Receivables, which are included in 'trade and other receivables'	9	2,546,852,527	2,347,210,524
		<b>2,546,852,527</b>	<b>2,347,210,524</b>

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>	<i>Note</i>	<i>2021</i>	<i>2020</i>
Opening inventory of raw materials		741,341,068	1,068,414,900
Purchased during the year		13,339,071,604	8,053,008,938
Closing inventory of raw materials		(1,038,396,031)	(741,341,068)
Raw materials consumption	20.1	13,042,016,641	8,380,082,770
Factory salaries and wages		144,147,513	81,262,868
Freight and carriage		43,975,589	158,719,941
Rent		450,000	-
Depreciation	3.2	72,208,228	12,168,040
Depreciation of right-of-use assets		25,951,340	-
Repairs and maintenance		11,421,705	391,612
Utilities		14,570,681	3,695,481
Bonus		8,243,030	5,191,212
Consumable stores		4,990,421	3,161,403
Gratuity		3,025,000	2,170,318
Employee benefits and recreation		9,167,908	4,372,899
Contribution to provident fund		3,093,206	2,253,366
Fuel and car maintenance		5,070,024	5,599,914
Insurance		6,629,083	1,437,573
Stationery		1,771,776	1,508,947
Conveyance and travelling		371,620	372,293
Postage & communication		19,250	-
Miscellaneous		7,403,006	2,959,214
		362,509,380	285,265,081
Works cost (materials + manufacturing expenses)		13,404,526,021	8,665,347,851
Opening work-in-process		-	-
Closing work-in-process		-	-
Cost of production		13,404,526,021	8,665,347,851
Opening inventory of finished goods		3,258,772,315	2,819,790,144
Purchase/production of finished goods		74,415,525	2,876,548,777
		3,333,187,840	5,696,338,921
Closing inventory of finished goods	20.2	(4,830,059,942)	(3,258,772,315)
<b>Cost of sales</b>		<b>11,907,653,919</b>	<b>11,102,914,457</b>



## 20.1 Raw materials consumption

<i>In BDT</i>	Balance at 1 January 2021	Purchases during the year	Balance at 31 December 2021	Consumption during the year
<b>Imported</b>				
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	6,466,713,815	(277,720,134)	6,829,661,186
	<b>741,341,068</b>	<b>13,339,071,605</b>	<b>(1,038,396,032)</b>	<b>13,042,016,641</b>

## 20.2 Closing stock of finished goods

<i>In BDT</i>	2021	2020
Home appliance	3,256,526,174	2,374,965,626
Consumer electronic	1,001,755,992	308,596,588
Sewing	362,712,136	110,275,380
Furniture	336,743	1,690,788
Other	208,728,896	463,243,933
	<b>4,830,059,941</b>	<b>3,258,772,315</b>

## 21 Operating expenses

<i>In BDT</i>	Note	2021	2020
Advertisement and sales promotion	21.1	431,996,454	457,688,280
Shop operating expenses		408,132,664	470,748,035
Salaries and allowances		430,287,151	412,977,866
Rent and occupancy		83,060,643	35,913,868
Royalty	21.2	174,101,723	144,082,480
Warranty		228,667,030	223,687,845
Utilities		62,127,961	53,322,903
Depreciation	3.2	66,046,263	63,271,347
Depreciation of right-of-use assets		254,010,925	238,732,256
Bad debts		22,051,844	85,838,216
Office administration		63,866,587	56,880,279
Repairs and maintenance		47,521,677	52,386,235
Directors' fee and remuneration	21.3	27,821,955	28,666,716
Travelling		35,183,895	31,620,965
Amortisation	4	5,515,587	5,965,998
Bank charge		30,125,384	25,334,278
Insurance		17,166,446	7,238,251
Fuel and car maintenance		3,009,523	2,832,399
Professional and technical fees	21.4	4,367,446	9,767,724
Entertainment		4,126,651	4,043,140
Statutory audit fee		1,380,000	1,150,000
Dues and subscription		502,177	590,260
Demurrage cost**		273,200,709	25,397,576
		<b>2,674,270,695</b>	<b>2,438,136,917</b>

\*\*Demurrage cost (shipping & port) incurred mainly on account of importing refrigerators raw materials. Due to some mismatch in the raw materials with the documents the 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. 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.



Notes to the financial statements (continued)

21.1 Advertisement and sales promotion

<i>In BDT</i>	2021	2020
Advertisement	203,049,590	172,256,344
Selling expenses	197,947,204	233,379,830
Sales promotion	25,574,660	27,198,293
Meeting & conference expenses	5,425,000	24,853,813
	<b>431,996,454</b>	<b>457,688,280</b>

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	2021	2020	2021*	2020	
<i>In BDT</i>					
Audio-video sets (television)	2,249,630,566	2,382,254,538	78,737,070	89,334,545	
Air conditioner	1,868,624,763	1,456,301,886	65,401,867	54,611,321	
Furniture	-	3,643,033	-	136,614	
Refrigerator	2,996,278,650	-	29,962,787	-	
	<b>7,114,533,979</b>	<b>3,842,199,457</b>	<b>174,101,723</b>	<b>144,082,480</b>	
Refrigerator*	702,395,980	-	7,023,960	-	
Amalgamation of business*	7,816,929,959	3,842,199,457	181,125,683	144,082,480	

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 was charged on the net annual invoice price of products manufactured by Singer Bangladesh Limited @ 3.75% (Approx.) on audio-video sets, air conditioner and furniture for the year 2020.

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

Manufactured products	Turnover from manufacturing units	Royalty charge for the year
<i>In BDT</i>	2020	2020
Refrigerator**	2,652,172,729	29,173,900

\*\*Consolidated amount is presented for refrigerator category in comparative year (2020) for necessary information of concerned authority.

21.3 Director's fee and remuneration

<i>In BDT</i>	2021	2020
Remuneration	24,802,018	25,725,755
Housing	1,181,728	1,051,512
Medical and welfare	1,403,509	1,604,824
Fees	434,700	284,625
	<b>27,821,955</b>	<b>28,666,716</b>

21.4 Professional and technical fees

<i>In BDT</i>	2021	2020
Legal and technical services fees	2,551,083	2,970,974
Audit and other consultancy	1,816,363	6,796,750
	<b>4,367,446</b>	<b>9,767,724</b>



Notes to the financial statements (continued)

**22 Net finance costs**

See accounting policy in Note 38 (B)

<i>In BDT</i>	2021	2020
Finance income	203,837	90,034
Interest expenses on borrowings	(270,122,330)	(296,367,966)
Interest expenses on leases	(106,512,108)	(95,662,522)
Foreign exchange gain/(loss)	-	-
Finance costs	(376,634,438)	(392,030,488)
	(376,430,601)	(391,940,454)

**23 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>	2021	2020
Sale of scrapped inventories and others	39,363,437	266,000
Dividend income from CDBL	1,427,952	856,772
Gain/(loss) on sale of fixed assets	(485,748)	(5,897,693)
Fire loss of inventory	(120,005,185)	-
Hire agreement fees	110,358,919	118,307,541
Reverts product sale	20,774,163	19,168,668
Income from financial & related services	1,627,822	2,704,894
Foreign exchange gain/(loss)	8,402,211	6,303,122
Other	5,928,660	2,284,363
	67,392,231	143,993,667

**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>	Note	2021	2020
Current tax expense	18.2	390,884,595	345,005,976
Adjustments in the period for current tax of prior periods		(40,900,000)	-
Deferred tax expense/(income) relating to origination and reversal of temporary differences		7,466,085	(36,357,545)
Deferred tax expense/(income) relating to changes in tax rates or the imposition of new taxes		-	-
		357,450,680	308,648,431

**25.1 Reconciliation of effective tax rate**

<i>In BDT</i>	2021		2020	
	Percentage	BDT	Percentage	BDT
Profit before tax		875,925,101		1,112,271,963
Tax using the Company's tax rate	22.50%	197,083,148	25.00%	278,067,991
Tax effect of:				
Provision for non-deductible expenses	3.21%	28,125,000	1.94%	21,560,000
Adjustments / provision released during the year	-4.67%	(40,900,000)	1.30%	14,439,281
Other components of tax as per Income Tax Ordinance 1984	25.25%	221,188,162	2.78%	30,938,704
Temporary differences	0.85%	7,466,085	-3.27%	(36,357,545)
Adjusted unabsorbed depreciation	-6.34%	(55,511,714)	0.00%	-
	40.81%	357,450,680	27.75%	308,648,430



Notes to the financial statements (continued)

25.2 Related tax

<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)

  

<i>In BDT</i>	2020		
	Before tax	Tax (expense) / benefit	Net of tax
Remeasurement of defined benefit liability	1,915,862	(478,966)	1,436,897
	1,915,862	(478,966)	1,436,897

26 Contingencies and commitments

26.1 Commitments

<i>In BDT</i>	2021	2020
Letters of credit	2,659,131,055	2,357,296,504
	2,659,131,055	2,357,296,504

The letters of credit were outstanding as at 31 December 2021 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.

	2021	2020
(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	22,468,456	22,756,169
	27,475,132	27,762,846

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

Production	Measurement unit	In units			% of utilisation
		Annual installed	Utilisation during the period	Over/(Under) utilisation	
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

	2021	2020
The number of employees engaged for the whole year or part thereof who received a total remuneration of BDT 36,000 and above.	1,697	1,432

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.

Name of party	Amount (BDT)	Equivalent (USD)
Dividend, for the year 2020 (final)	99,592,532	1,172,781
	<b>99,592,532</b>	<b>1,172,781</b>

30 Earnings per share (EPS)

See accounting policy in Note 38 (Q)

30.1 Basic earnings per share

	Company	
	2021	2020
Earnings attributable to the ordinary shareholders	518,474,421	803,623,532
Weighted average number of ordinary shares outstanding	99,702,838	99,702,838
Basic earnings per share	5.20	8.06

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2021 in terms of International Accounting Standard (IAS-33). For comparative year (i.e. 2020) the same no of ordinary shares outstanding were used to compute basic EPS, as 30% cash dividend was declared for the year ended 31 December 2020. 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 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 31.1)
- Liquidity risk (note 31.2)
- Market risk (note 31.3)

#### 31.1 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 31.1.1) is represented by the carrying amount of each financial asset in the statement of financial position.

##### 31.1.1 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	2021	2020
Trade and other receivables	9	2,794,108,225	2,538,977,929
Deposits	7	29,370,808	23,092,797
Cash and cash equivalents	10	173,389,682	178,148,480
		2,996,868,715	2,740,219,206

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

<i>In BDT</i>	Note	2021	2020
Domestic	9	2,794,108,225	2,538,977,929
		2,794,108,225	2,538,977,929



### Notes to the financial statements (continued)

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

	Note	2021	2020
<i>In BDT</i>			
Retail customers	9.1.1	2,238,678,962	2,153,043,022
Wholesale and corporate customers	9.1.2	308,173,565	194,167,502
Others	9.2	247,255,698	191,767,405
		2,794,108,225	2,538,977,929

### 31.1.2 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:

	Gross 2021	Impairment 2021
<i>In BDT</i>		
0 to 30	2,409,802,180	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
	2,919,942,246	73,857,213

	Gross 2020	Impairment 2020
<i>In BDT</i>		
0 to 30	2,423,838,060	2,085,853
31 to 60	54,681,686	725,041
61 to 180	120,020,120	9,678,536
181 to 360	112,712,755	46,702,740
> 360	42,147,573	42,147,573
	2,753,400,194	101,339,742

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

	2021	2020
<i>In BDT</i>		
Opening balance	142,145,391	84,388,268
Allowance recognised for the year	22,051,844	85,838,216
	164,197,235	170,226,484
Allowance written off for the year	(38,254,373)	(28,081,093)
Closing balance	125,942,862	142,145,391



**Notes to the financial statements (continued)**

**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.

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 30% (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.

In BDT	For the year ended 31 December 2021			
	Amounts outstanding	Adjusted loss rate	Expected credit loss	Expected credit loss
<b>Ageing bucket (days)</b>				
0 to 30	2,409,802,180	0.1%	1,375,740	1,375,740
31 to 60	147,487,148	2.4%	3,569,225	3,569,225
61 to 180	174,139,769	6.0%	10,465,039	10,465,039
181 to 360	108,935,732	34.0%	37,084,663	37,084,663
> 360	79,577,417	26.8%	21,362,546	21,362,546
<b>Total</b>	<b>2,919,942,246</b>		<b>73,857,213</b>	<b>73,857,213</b>



Notes to the financial statements (continued)

In BDT	For the year ended 31 December 2020		
	Amounts outstanding	Adjusted loss rate	Expected credit loss
Ageing bucket (days)			
0 to 30	2,423,838,060	0.1%	2,085,853
31 to 60	54,681,686	1.3%	725,041
61 to 180	120,020,120	8.1%	9,678,536
181 to 360	112,712,755	41.4%	46,702,740
> 360	42,147,573	100.0%	42,147,573
<b>Total</b>	<b>2,753,400,194</b>		<b>101,339,742</b>

The ECL method is applied prospectively from 2020.

31.2

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:

In BDT	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>As at 31 December 2021</b>							
Non-derivative financial liabilities:							
Bank overdrafts/Short-term loan	4,644,314,297	4,700,629,921	4,077,988,921	622,641,000	-	-	-
Trade and other payables	1,689,648,228	1,689,648,228	1,515,546,505	174,101,723	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	<b>6,333,962,525</b>	<b>6,390,278,149</b>	<b>5,593,535,426</b>	<b>796,742,723</b>	-	-	-
<b>As at 31 December 2020</b>							
Non-derivative financial liabilities:							
Bank overdrafts/Short-term loan	1,611,518,744	1,648,269,333	1,011,161,129	637,108,205	-	-	-
Trade and other payables	1,904,755,423	1,904,755,423	1,760,672,943	144,082,480	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	<b>3,516,274,167</b>	<b>3,553,024,756</b>	<b>2,771,834,072</b>	<b>781,190,685</b>	-	-	-



**Notes to the financial statements (continued)**

**31.3 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.

**31.3.1 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>	<i>Note</i>	<i>2021</i>	<i>2020</i>
<b>Fixed rate instruments</b>			
Fixed rate deposits at financial institution		-	-
Fixed rate loans and receivable (net hire receivable)	9.1.1	2,289,412,416	2,225,907,186
Other fixed rate instruments (assets)		-	-
<b>Financial assets</b>		<b>2,289,412,416</b>	<b>2,225,907,186</b>
Fixed rate bank overdraft		-	-
Fixed rate loans		-	-
Fixed rate debentures		-	-
Fixed rate promissory notes		-	-
Lease liabilities		-	-
Other fixed rate liabilities		-	-
<b>Financial liabilities</b>		-	-
<b>Variable rate instruments</b>			
Variable rate deposits at financial institution		-	-
Variable rate loans and receivable		-	-
Other variable rate instruments (assets)		-	-
<b>Financial assets</b>		-	-
Variable rate bank overdraft	17	4,644,314,297	1,611,518,744
Variable rate loans		-	-
Variable rate debentures		-	-
Variable rate promissory notes		336,228,801	308,169,540
Other variable rate liabilities		4,980,543,098	1,919,688,284
<b>Financial liabilities</b>		<b>4,980,543,098</b>	<b>1,919,688,284</b>





### Notes to the financial statements (continued)

#### 31.3.2 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:

	2021	2020
<i>In USD</i>		
Accounts payable trade	1,391,780	3,347,549.14
<i>In EUR</i>	2021	2020
Accounts payable trade	44,553	-

The following significant exchange rates are applied during the year:

	2021	2020
<i>In BDT</i>		
US Dollar	87.00	84.95
EURO	112.00	0.00

#### 31.3.3 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 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.

<i>In BDT</i>	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 December 2021</b>				
Expenditures denominated in USD & EUR	(1,260,859)	1,260,859	(1,260,859)	1,260,859
Exchange rate sensitivity	<b>(1,260,859)</b>	<b>1,260,859</b>	<b>(1,260,859)</b>	<b>1,260,859</b>
<i>In BDT</i>				
	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 December 2020</b>				
Expenditures denominated in USD	(2,843,743)	2,843,743	(2,843,743)	2,843,743
Exchange rate sensitivity	<b>(2,843,743)</b>	<b>2,843,743</b>	<b>(2,843,743)</b>	<b>2,843,743</b>

#### 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.

**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 Arducth 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>	<b>2021</b>	<b>2020</b>
Remuneration		<b>24,802,018</b>	25,725,755
Housing		<b>1,181,728</b>	1,051,512
Medical and welfare		<b>1,403,509</b>	1,604,824
Board meeting fees		<b>434,700</b>	284,625
<b>a) Short-term employee benefit</b>	21.3	<b>27,821,955</b>	28,666,716
<b>b) Post employment benefit</b>		-	-
<b>c) Other long-term benefit</b>		-	-
<b>d) Termination benefit</b>		-	-
<b>e) Share-based payment</b>		-	-
		<b>27,821,955</b>	28,666,716

**33.3 Other related party transactions**

<b>Name of related parties</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>2021</b>	<b>2020</b>
Arcelik A.S.	Ultimate parent	Procurement of products	<b>183,871,786</b>	69,282,825
BEKO Electrical Appliances Co. Ltd.	Subsidiary of ultimate parent	Procurement of products	-	-
BEKO Thai Co. Ltd.	Subsidiary of ultimate parent	Procurement of products	<b>188,125,770</b>	199,750,888
Defy Appliances (pvt) Ltd	Subsidiary of ultimate parent	Procurement of products	-	17,669,252
Dawlance (Private) Limited	Subsidiary of ultimate parent	Procurement of products	<b>13,417,077</b>	2,914,726
Retail Holdings Bhold B.V., The Netherlands	Parent Company	Royalty expense	<b>181,125,683</b>	144,082,480
International Appliances Limited	Former Subsidiary	Procurement of products	-	2,652,172,729
International Appliances Limited	Former Subsidiary	Current account	-	17,130,477



Notes to the financial statements (continued)

33.3.1 Related party receivable/(payable)

Name of related parties	Relationship	Nature of transaction	2021	2020
Arcelik A.S.	Ultimate parent	Payable for inventory	(4,543,738)	-
Arcelik A.S.	Ultimate parent	Other payable	(21,321,533)	(6,168,987)
Arcelik A.S.	Ultimate parent	Other receivable	-	-
BEKO Thai Co. Ltd.	Subsidiary of ultimate parent	Payable for inventory	-	-
Retail Holdings Asia B.V.	Subsidiary of former ultimate parent	Royalty payable Current account	-	(30,547,822)
Retail Holdings Bhold B.V., The Netherlands	Parent company	Royalty payable Current account	(354,380,337)	(284,100,193)
Retail Holdings Bhold B.V., The Netherlands	Parent company	Current account	2,158,465	2,158,465
International Appliances Limited	Former Subsidiary	Procurement of products	-	(240,680,360)
International Appliances Limited	Former Subsidiary	Current account	-	59,127,375

34 Net asset value (NAV) per share

In BDT	2021	2020
Total assets	12,797,101,451	9,912,765,611
Total liability	(9,400,880,626)	(6,456,837,290)
<b>Net assets value</b>	<b>3,396,220,825</b>	<b>3,455,928,321</b>
Number of shares used to compute NAV	99,702,838	99,702,838
<b>Net asset value (NAV) per share</b>	<b>34.06</b>	<b>34.66</b>



Notes to the financial statements (continued)

35 Reconciliation of net income with cashflows from operating activities

<i>In BDT</i>	2021	2020
<b>Net income</b>	<b>518,474,421</b>	803,623,532
Add/(deduct) for noncash items:		
Depreciation & amortization	<b>423,732,343</b>	320,137,642
(Gain) / loss on sale of property, plant and equipment	<b>485,748</b>	5,897,693
Deferred tax expenses/(income)	<b>7,466,085</b>	36,357,545
Tax expenses	<b>357,450,680</b>	308,648,431
Finance expenses/(Income)	<b>376,634,438</b>	392,030,488
Other provisions	<b>22,051,844</b>	-
<b>Changes in:</b>		
(Increase)/Decrease in deposits and prepayments	<b>(6,278,010)</b>	67,500
(Increase)/Decrease in inventories	<b>(2,037,291,365)</b>	(104,452,573)
(Increase)/Decrease in trade and other receivables	<b>(306,098,768)</b>	(25,431,456)
(Increase)/Decrease in Advances, deposits and prepayments	<b>(522,704,368)</b>	5,783,159
Increase/(Decrease) in other liabilities	<b>55,024,508</b>	99,681,953
Increase/(Decrease) in accounts payables	<b>(122,197,421)</b>	49,898,589
Tax paid	<b>(514,048,421)</b>	(401,148,596)
Interest paid	<b>(383,730,601)</b>	(469,502,976)
Increase/(Decrease) in short term liability	-	-
	<b>(2,649,503,308)</b>	217,967,399
<b>Net cash flows from operation activities</b>	<b>(2,131,028,887)</b>	1,021,590,931

35.1 Net operating cash flow per share (NOCFPS)

<i>In BDT</i>	2021	2020
Net cash from operating activities	<b>(2,131,028,887)</b>	1,021,590,931
Number of ordinary shares outstanding	<b>99,702,838</b>	99,702,838
<b>Net operating cash flow per share (NOCFPS)</b>	<b>(21.37)</b>	10.25

36 Events after the reporting period

The Board of Directors of the Company has recommended 60% (Tk. 6 per share of Tk. 10 each) cash dividend in its 257th board meeting held on 25 January 2022.

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.



## Notes to the financial statements (continued)

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### 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 building 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 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

- a) Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- b) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- c) Other standards

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

- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

### 38 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 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.



## Notes to the financial statements (continued)

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### 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 2021.

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

#### Cost model

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



## Notes to the financial statements (continued)

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### 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 & 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>	<u>The Company</u>
Computer Software	20% (5 years)

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 receivables

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:

Ageing bucket (days)	2021	2020
0 to 30	0.1%	0.1%
31 to 60	2.4%	1.3%
61 to 180	6.0%	8.1%
181 to 360	34.0%	41.4%
> 360	26.8%	100.0%

### 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 finance lease obligations, loans and borrowings, accounts payable and other payables.

### Accounts payables

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.



## Notes to the financial statements (continued)

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### 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. @ 3.5% 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 2021 (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 benefit**

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.

**Retirement 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 2021.

**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.



## Notes to the financial statements (continued)

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### 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".

### 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.



## Notes to the financial statements (continued)

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### *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	For the year ended 31 December 2021					
	Original cost	Accumulated depreciation	Net book value	Sales proceed	Gain/(Loss)	Mode of disposal
Computer	2,096,788	1,916,110	180,678	32,224	(148,454)	Adjustment/sold
Equipment	2,346,455	2,188,508	157,947	72,000	(85,947)	Adjustment/sold
Furniture	23,256	4,576	18,680	-	(18,680)	Adjustment/sold
Leasehold improvements	4,057,851	2,716,353	1,341,498	540,735	(800,763)	Adjustment/sold
Vehicles	2,065,000	1,877,470	187,530	755,626	568,096	Auction sale
	<b>10,589,350</b>	<b>8,703,017</b>	<b>1,886,333</b>	<b>1,400,585</b>	<b>(485,748)</b>	



**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 Taka 10 each
1983	2567 ordinary shares of Taka 10 each issued for cash	25,670	25,670	256,700
1983	10,258 ordinary shares of Taka 10 each issued for consideration other than cash	102,580	102,580	1,025,800
<b>Total ordinary shares issued</b>		<b>128,250</b>	<b>128,250</b>	<b>1,282,500</b>
<b>Bonus share</b>				
18/04/1985	100%	128,250	256,500	1,282,500
16/04/1987	60%	153,900	410,400	1,539,000
16/08/1989	100%	410,400	820,800	4,104,000
12/07/1992	100%	820,800	1,641,600	8,208,000
12/07/1993	100%	1,641,600	3,283,200	16,416,000
01/06/1994	50%	1,641,600	4,924,800	16,416,000
28/05/1995	50%	2,462,400	7,387,200	24,624,000
21/05/1996	50%	3,693,600	11,080,800	36,936,000
16/04/1997	50%	5,540,400	16,621,200	55,404,000
28/04/2008	35%	5,817,420	22,438,620	58,174,200
27/04/2011	75%	16,828,960	39,267,580	168,289,600
08/05/2013	25%	9,816,895	49,084,475	98,168,950
28/04/2014	25%	12,271,118	61,355,593	122,711,180
30/04/2015	25%	15,338,898	76,694,491	153,388,980
23/04/2019	30%	23,008,347	99,702,838	230,083,470
<b>Total bonus shares issued</b>		<b>99,574,588</b>		<b>995,745,880</b>
<b>Total shares issued</b>		<b>99,702,838</b>		<b>997,028,380</b>

