

**Reckitt Benckiser (Bangladesh) Limited**

Independent auditor's report and financial statements  
as at and for the year ended 31 December 2020



**Rahman Rahman Huq**  
**Chartered Accountants**  
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## Independent Auditor's Report

To the Shareholders of Reckitt Benckiser (Bangladesh) Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Reckitt Benckiser (Bangladesh) Limited ("the Company"), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, 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)* together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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.

Revenue recognition - sales of goods	
See Note 6 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>Revenue recognition has significant and wide influence on financial statements.</p> <p>Revenue is recognised when the amounts and the related costs are reliably measured, and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognised when the Company has delivered products to the customers at the shipping point and control has passed. The sales of the Company are derived from a large number of distributors which locate over the country with relatively small amount transactions. As a result, to obtain sufficient audit evidence, magnitude audit work and resource are required.</p> <p>As it is industry practice, the Company enters into numerous types of commercial arrangements with customers to offer product promotions and discounts. Revenue is measured net of estimated trade spends i.e. rebates and discounts earned on the Company's sales by customers or other parties that purchase the entity's goods or services from the customer.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>- We have understood, evaluated and validated the key controls related to the Company's sales process from end to end, from contracts approval and sign-off, recording of sales, all the way through cash receipts and customers' outstanding balances.</li> <li>- We have tested the sales cut off at the close to the period end to ensure the completeness of revenue recognised in financial statements by checking relevant supporting documents regarding the appropriateness of recording sales made in subsequent accounting period in the current period and sales made in the current accounting period to subsequent period.</li> <li>- We have conducted substantive testing on revenue recorded throughout the year using sampling techniques to ensure the appropriateness of recording revenue while occurred/existed, by examining the relevant supporting documents including sales invoices, VAT challans and truck challans. In addition, we confirmed certain customers' receivable balances at the balance sheet date, selected on a sample basis by considering the amounts outstanding with those customers.</li> </ul>



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

<b>Revenue recognition - sales of goods (continued)</b>	
<b>See Note 6 to the financial statements</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>We focused on the proper cut-off of sales to the Company customers due to the fact that the documents of confirming the acceptance of the products were provided by numerous customers based in different locations. There is a risk of differences between the timing of acceptance of the products by the Company customers and when revenue was recorded. Accordingly, there could be potential misstatements that these revenue transactions are not recognised in the proper reporting periods.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p>	<ul style="list-style-type: none"> <li>- We have assessed the completeness and existence of trade spends by obtaining supporting documentation or calculation and reviewing the underlying assumptions of estimates for discounts and rebates.</li> <li>- We have tested sales return transactions recorded throughout the year using sampling techniques to ensure the appropriateness of recording sales return while occurred/existed, by examining the relevant supporting documents.</li> </ul>

**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 auditors' 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 IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



### **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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

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 Securities and Exchange Rules 1987, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- 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 *M Mehedi Hasan*.

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

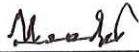
Dhaka, 29 April 2021

DVC: 2105041000AS167186

**Reckitt Benckiser (Bangladesh) Limited**  
Statement of financial position

<i>In Taka</i>	<i>Note</i>	31 December 2020	31 December 2019
<b>Assets</b>			
Property, plant and equipment	15	725,219,433	509,344,345
Deferred tax assets	13(D)	28,760,056	12,625,483
<b>Non-current assets</b>		<b>753,979,489</b>	<b>521,969,828</b>
Inventories	16	621,618,191	451,118,392
Trade and other receivables	17	25,500,945	43,905,926
Advances, deposits and prepayments	18	53,869,818	26,496,342
Cash and cash equivalents	19	1,789,083,592	1,341,293,136
<b>Current assets</b>		<b>2,490,072,546</b>	<b>1,862,813,796</b>
<b>Total assets</b>		<b>3,244,052,035</b>	<b>2,384,783,624</b>
<b>Equity</b>			
Share capital	20	47,250,000	47,250,000
Retained earnings		760,469,848	626,714,444
<b>Total equity</b>		<b>807,719,848</b>	<b>673,964,444</b>
<b>Liabilities</b>			
Employee benefits	21(A)	171,350,000	138,377,475
Lease liabilities	23	149,323,393	12,742,024
<b>Non-current liabilities</b>		<b>320,673,393</b>	<b>151,119,499</b>
Trade and other payables	22	1,846,419,276	1,354,273,836
Employee benefits	21(A)	31,460,000	9,260,000
Lease liabilities	23	18,213,814	16,224,453
Current tax liabilities	24	219,565,704	179,941,392
<b>Current liabilities</b>		<b>2,115,658,794</b>	<b>1,559,699,681</b>
<b>Total liabilities</b>		<b>2,436,332,187</b>	<b>1,710,819,180</b>
<b>Total equity and liabilities</b>		<b>3,244,052,035</b>	<b>2,384,783,624</b>

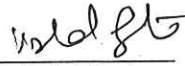
The notes on pages 9 to 47 are an integral part of these financial statements.



Md. Golam Yahia  
Director



Sourav Mitra  
Director &  
Chief Financial Officer



Vishal Gupta  
Managing Director



Md. Nazmul Arefin  
Company Secretary

As per our report of same date.



Auditor

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

Dhaka, 29 April 2021



DVC: 2105041000AS167186

**Reckitt Benckiser (Bangladesh) Limited**  
**Statement of profit or loss and other comprehensive income**

For the year ended 31 December			
	Note	2020	2019
<i>In Taka</i>			
Revenue	6	5,333,883,576	4,126,150,222
Cost of sales	7	(2,317,707,737)	(1,878,203,439)
<b>Gross profit</b>		<b>3,016,175,839</b>	<b>2,247,946,783</b>
Other income	8	562,867	982,886
Operating expenses	9	(1,934,646,047)	(1,370,180,346)
Impairment loss reversal on trade receivables	17(A)(i)	112,604	551,118
<b>Operating profit</b>		<b>1,082,205,263</b>	<b>879,300,441</b>
Finance income	10	60,607,204	46,405,986
Finance costs	11	(11,078,255)	(2,165,338)
<b>Profit before contribution to WPPF</b>		<b>1,131,734,212</b>	<b>923,541,089</b>
Contribution to WPPF	12	(53,892,105)	(43,978,147)
<b>Profit before tax</b>		<b>1,077,842,107</b>	<b>879,562,942</b>
Income tax expense	13(A)	(338,954,483)	(260,301,685)
<b>Profit for the year</b>		<b>738,887,624</b>	<b>619,261,257</b>
<b>Other comprehensive income</b>			
Remeasurement of defined benefit liability	21(A)	(19,342,960)	(300,000)
Related tax	13(B)	4,835,740	75,000
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>(14,507,220)</b>	<b>(225,000)</b>
<b>Total comprehensive income for the year</b>		<b>724,380,404</b>	<b>619,036,257</b>
<b>Earnings per share</b>			
Basic earnings per share (Taka)	14(A)	156.38	131.06

The notes on pages 9 to 47 are an integral part of these financial statements.

  
 Md. Golam Yahia  
 Director

  
 Sourav Mitra  
 Director &  
 Chief Financial Officer

  
 Vishal Gupta  
 Managing Director

  
 Md. Nazmul Arefin  
 Company Secretary

As per our report of same date.

  
 Auditor

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

Dhaka, 29 April 2021



DVC: 2105041000AS167186

**Reckitt Benckiser (Bangladesh) Limited**  
**Statement of cash flows**

For the year ended 31 December			
<i>In Taka</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		6,120,066,351	4,715,828,257
Payment to suppliers, employees and others		(4,273,960,318)	(3,568,167,446)
Payment for technical services fee	22(B)(ii)(a)(a.1)	(162,520,000)	(105,089,000)
Cash generated from operating activities		1,683,586,033	1,042,571,811
Income tax paid	24	(310,629,004)	(208,355,470)
<b>Net cash from operating activities</b>	30	<b>1,372,957,029</b>	<b>834,216,341</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(369,508,240)	(140,907,938)
Proceeds from sale of property, plant and equipment		-	1,129,813
Income from investment during the year		61,552,065	44,430,711
<b>Net cash used in investing activities</b>		<b>(307,956,175)</b>	<b>(95,347,414)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	22(B)(i)	(590,781,603)	(330,911,630)
Payment of lease liabilities	26(A)(iii)	(26,428,795)	(16,535,316)
<b>Net cash used in financing activities</b>		<b>(617,210,398)</b>	<b>(347,446,946)</b>
Net increase in cash and cash equivalents		447,790,456	391,421,981
Effect of movements in exchange rates on cash held		-	-
Cash and cash equivalents at 1 January		1,341,293,136	949,871,155
<b>Cash and cash equivalents at 31 December</b>		<b>1,789,083,592</b>	<b>1,341,293,136</b>

The notes on pages 9 to 47 are an integral part of these financial statements.





**Reckitt Benckiser (Bangladesh) Limited**  
**Statement of changes in equity**

For the year ended 31 December 2020

<i>In Taka</i>	<i>Note</i>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at 1 January 2019</b>		47,250,000	338,428,187	385,678,187
<b>Total comprehensive income for the year</b>		-	619,261,257	619,261,257
Profit for the year 2019		-	(225,000)	(225,000)
Other comprehensive income/(loss) for the year		-	619,036,257	619,036,257
<b>Total comprehensive income for the year</b>		-	619,036,257	619,036,257
<b>Transactions with owners of the Company</b>				
<b>Contributions and distributions</b>				
Final dividend for the year 2018	22(B)(i)(b)	-	(330,750,000)	(330,750,000)
<b>Total transactions with owners of the Company</b>		-	(330,750,000)	(330,750,000)
<b>Balance at 31 December 2019</b>		47,250,000	626,714,444	673,964,444
<b>Balance at 1 January 2020</b>		47,250,000	626,714,444	673,964,444
<b>Total comprehensive income for the year</b>		-	738,887,624	738,887,624
Profit for the year 2020		-	(14,507,220)	(14,507,220)
Other comprehensive income/(loss) for the year		-	724,380,404	724,380,404
<b>Total comprehensive income for the year</b>		-	724,380,404	724,380,404
<b>Transactions with owners of the Company</b>				
<b>Contributions and distributions</b>				
Final dividend for the year 2019	22(B)(i)(b)	-	(590,625,000)	(590,625,000)
<b>Total transactions with owners of the Company</b>		-	(590,625,000)	(590,625,000)
<b>Balance at 31 December 2020</b>		47,250,000	760,469,848	807,719,848

The notes on pages 9 to 47 are an integral part of these financial statements.



**Reckitt Benckiser (Bangladesh) Limited**  
**Notes to the financial statements**

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**1. Reporting entity**

Reckitt Benckiser (Bangladesh) Limited ("the Company") was incorporated on 15 April 1961 in erstwhile East Pakistan (became independent in 1971 as Bangladesh) under the Companies Act 1913 (as amended in 1994) as "Robinson's Foods (Pakistan) Limited". The name of the Company was changed to "Robinson's Foods (Bangladesh) Limited" under a special resolution on 24 August 1972. On 20 March 1986 in an extra-ordinary general meeting the name of the Company was again changed to Reckitt & Colman Bangladesh Limited. Finally, after the merger with Benckiser, in accordance with parent company, the name of the Company was again changed to Reckitt Benckiser (Bangladesh) Limited, under an extra-ordinary general meeting held on 9 November 2000. It is a public limited company and its shares are listed on Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

The address of the Company's registered office is 58/59 Nasirabad Industrial Area, Chittagong.

The Company is engaged in manufacturing and marketing of household, toiletries and pharmaceuticals products.

**2. Statement of compliance and basis of preparation**

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 is yet to be issued for public interest entities such as listed entities.

As the FRS is 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 Rules 1987;
- ii. The Income Tax ordinance, 1984;
- iii. The Value Added Tax and Supplementary Duty Act, 2012

Details of the Company's accounting policies, including changes during the year, if any, are included in Note 39.

These financial statements are authorised for issue by the Company's board of directors on 29 April 2021.

**3. Functional and presentational currency**

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

**4. Use of judgements and estimates**

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

**A. Judgements**

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

- Note 26 – lease term: whether the Company is reasonably certain to exercise extension options.

**B. Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties at 31 December 2020 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 6 and Note 22 – revenue recognition; estimate of expected returns;
- Note 21 – measurement of defined benefit obligations; key actuarial assumptions;
- Note 13(D) – recognition of deferred tax assets; availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 16 – provision for inventory obsolescence;
- Note 24 – current tax liabilities; and
- Note 39(H) – useful life of property, plant and equipment.





Notes to the financial statements (continued)

5. Operating segments (continued)

C. Reconciliation of information on reportable segments to IFRS measures

<i>In Taka</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
<b><i>i. Revenues</i></b>			
Total revenue for reportable segments	5(B)	5,333,883,576	4,126,150,222
Revenue for other segments		-	-
Elimination of inter-segment revenue		-	-
<b>Total revenue</b>		<b>5,333,883,576</b>	<b>4,126,150,222</b>
<b><i>ii. Profit before tax</i></b>			
Total profit before tax for reportable segments	5(B)	1,350,315,660	1,029,998,233
Profit before tax for other segments		-	-
Elimination of inter-segment profit		-	-
Amount not related to reported segments	5(C)(iii)	(272,473,553)	(150,435,291)
<b>Total profit before tax</b>		<b>1,077,842,107</b>	<b>879,562,942</b>
<b><i>iii. Amount not related to reportable segments</i></b>			
Other income	8	562,867	982,886
Technical services fee	9	(268,673,264)	(151,680,678)
Finance income	10	60,607,204	46,405,986
Finance costs	11	(11,078,255)	(2,165,338)
Contribution to Workers' Profit Participation Fund	12	(53,892,105)	(43,978,147)
		<b>(272,473,553)</b>	<b>(150,435,291)</b>

Considering the current size and operations of the Company, segmental assets and liabilities are not considered to be critical for regular review by the management.

Accordingly no disclosure is made regarding the segmental assets and liabilities.



Notes to the financial statements (continued)

6. Revenue

See accounting policy in Note 39(B)

<i>In Taka</i>	Note	2020	2019
Revenue including VAT		6,225,964,696	4,822,159,187
VAT		(892,081,120)	(696,008,965)
	6(A)	5,333,883,576	4,126,150,222

A. Disaggregation of revenue

<i>In Taka</i>	Unit of measurement	2020		2019	
		Quantity	Amount	Quantity	Amount
Household and toiletries	Cases	2,732,456	4,963,910,113	2,299,828	3,831,972,963
Pharmaceuticals	Cases	237,251	369,973,463	185,572	294,177,259
		2,969,707	5,333,883,576	2,485,400	4,126,150,222

7. Cost of sales

<i>In Taka</i>	Note	2020	2019
<b>Manufacturing unit</b>			
Opening balance of raw and packing materials		173,423,635	174,816,109
Purchases during the year	7(B)	1,755,306,464	1,360,149,211
Closing balance of raw and packing materials	16	(307,870,473)	(173,423,635)
<b>Materials consumed</b>		<b>1,620,859,626</b>	<b>1,361,541,685</b>
Salaries, wages and welfare expenses		263,376,179	226,996,237
Product testing and laboratory expenses		5,215,878	1,719,468
Exchange (gain)/loss		3,255,097	4,195,585
Travelling and conveyance		17,923,564	3,361,867
Power, fuel and utilities		30,210,161	25,312,083
Vehicle expenses		1,124,099	52,942
Legal and professional charges		45,450	-
Repairs, maintenance and others		53,941,645	44,850,672
Rent, rates and taxes		5,342,282	3,496,437
Staff recruitment, training and development expenses		3,106,212	-
Printing, stationery and office supplies		2,586,331	1,037,215
Insurance		2,643,805	3,349,524
Communication		1,246,928	-
Office expenses		4,428,416	5,196,556
Safety, health and environment		27,593,962	1,532,616
Depreciation and impairment loss	15(B)	86,418,216	73,096,837
<b>Manufacturing overhead</b>		<b>508,458,225</b>	<b>394,198,039</b>
Opening stock of work-in-progress		2,012,634	1,355,345
Closing stock of work-in-progress	16	(2,181,380)	(2,012,634)
		(168,746)	(657,289)
<b>Cost of production</b>		<b>2,129,149,105</b>	<b>1,755,082,435</b>
Opening stock of own manufactured finished goods		154,351,051	61,796,301
Closing stock of own manufactured finished goods	16(B)(i)	(190,603,013)	(154,351,051)
		(36,251,962)	(92,554,750)
<b>Cost of sales - manufacturing unit</b>		<b>2,092,897,143</b>	<b>1,662,527,685</b>
<b>Trading unit</b>			
Opening stock of finished goods		109,831,142	52,155,803
Purchase of finished goods	7(A)	214,738,003	273,351,093
Closing stock of finished goods	16(B)(i)	(99,758,551)	(109,831,142)
<b>Cost of sales - trading unit</b>		<b>224,810,594</b>	<b>215,675,754</b>
<b>Total cost of sales</b>		<b>2,317,707,737</b>	<b>1,878,203,439</b>



Notes to the financial statements (continued)

7. Cost of sales (continued)  
A. Cost of sales - trading unit

In Taka	Unit of measurement	Opening stock		Purchase		Closing stock		Cost of sales - trading unit	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Household and toiletries	Metric Ton Thousand Litre Million No.	106.30 2.67 -	91,493,286 1,471,699 -	124.94 117.33 -	125,667,636 84,202,934 -	93.63 18.10 -	82,305,109 15,347,656 -	137.61 101.90 -	134,855,813 70,326,977 -
Pharmaceuticals	Million No. Thousand Litre Metric Ton	- 45.95 -	- 16,866,157 -	15.78 -	4,867,433 -	5.95 -	2,105,786 -	9.84 45.95 -	2,761,647 16,866,157 -
<b>Total for the year 2020</b>			<b>109,831,142</b>		<b>214,738,003</b>		<b>99,758,551</b>		<b>224,810,594</b>
Household and toiletries	Metric Ton Thousand Litre Million No.	48.54 0.49 0.04	41,690,276 395,067 2,042,379	280.01 176.88 -	198,750,936 23,588,458 -	106.30 2.67 -	91,493,286 1,471,699 -	222.26 174.70 0.04	148,947,926 22,511,826 2,042,379
Pharmaceuticals	Million No. Thousand Litre Metric Ton	2.70 14.85 -	2,445,587 5,582,494 -	154.60 -	51,011,699 -	45.95 -	16,866,157 -	2.70 123.50 -	2,445,587 39,728,036 -
<b>Total for the year 2019</b>			<b>52,155,803</b>		<b>273,351,093</b>		<b>109,831,142</b>		<b>215,675,754</b>



Notes to the financial statements (continued)

7. Cost of sales (continued)  
B. Raw and packing materials consumed

In Taka	Unit of measurement	Opening stock		Purchase		Closing stock		Consumption	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Various raw material	Metric Ton	1,211.46	136,384,803	14,730.64	1,217,611,426	2,362.59	263,409,772	13,579.51	1,090,586,457
Blow moulding and injection	Thousand Pcs	2,494.27	10,453,337	55,021.64	236,060,716	3,611.59	11,018,396	53,904.32	235,495,657
Boxes solid board and corrugated	Thousand Pcs	6,238.27	10,258,640	82,953.07	201,490,656	5,631.06	9,869,753	83,560.29	201,879,543
Others		10,107.58	16,326,855	83,355.48	100,143,666	13,594.27	23,572,551	79,868.80	92,897,970
<b>Total for the year 2020</b>			<b>173,423,635</b>		<b>1,755,306,464</b>		<b>307,870,472</b>		<b>1,620,859,627</b>
Various raw material	Metric Ton	1,269.40	147,081,721	11,085.62	876,644,439	1,211.46	136,384,803	11,143.56	887,341,357
Blow moulding and injection	Thousand Pcs	2,157.39	8,556,830	44,180.11	232,856,075	2,494.27	10,453,337	43,843.24	230,959,568
Boxes solid board and corrugated	Thousand Pcs	3,353.44	7,181,929	63,115.14	160,016,164	6,238.27	10,258,640	60,230.30	156,939,453
Others		7,481.45	11,995,629	71,597.71	90,632,533	10,107.58	16,326,855	68,971.58	86,301,307
<b>Total for the year 2019</b>			<b>174,816,109</b>		<b>1,360,149,211</b>		<b>173,423,635</b>		<b>1,361,541,685</b>

C. Percentage of raw materials and packing materials consumed

In Taka	Note	2020		2019	
		Amount	%	Amount	%
Raw materials	7(D)	1,090,586,458	67%	887,341,357	65%
Packing materials	7(D)	530,273,170	33%	474,200,328	35%
		<b>1,620,859,628</b>	<b>100%</b>	<b>1,361,541,685</b>	<b>100%</b>
Local materials consumed		527,202,454	32%	471,315,496	35%
Imported materials consumed		1,096,357,266	68%	890,226,189	65%
		<b>1,623,559,720</b>	<b>100%</b>	<b>1,361,541,685</b>	<b>100%</b>



Notes to the financial statements (continued)

7. Cost of sales (continued)

D. Analysis of material consumed

<i>In Taka</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
<b>Raw material</b>			
Soap Noodles		581,783,760	473,138,529
BIS/2 Hydroxy Ethyl Oleylamine		50,424,656	51,023,065
Cetyl Trimethyl Amm. Chloride		34,568,598	36,935,340
Pine Oil 85%min BP		88,163,366	75,167,593
PCMX		83,921,396	40,404,494
Hydrochloric acid		29,391,840	24,938,308
Snowfresh 228093 D		19,419,766	19,898,977
Frosty Int - AAD07282/00		12,278,231	13,410,597
LABSA		10,507,764	14,520,228
ALKYL TRIMETHYL AMONIUM.CHLORD		34,568,598	36,935,340
Color Pigment yellow		5,880,624	3,974,659
Granular Soday dyed		4,491,890	5,223,336
Galaxy MW 257		7,659,645	8,145,646
CX-140		15,484,853	8,582,338
Texapon Als IS T		14,790,286	7,552,332
Isopropyl Alcohol		15,528,875	7,944,632
Na Lauryl Ether		8,911,747	5,939,742
Castor Oil		8,070,878	5,373,589
Perfume jasmina		697,356	499,249
Challenge 157708 B		2,876,618	3,736,103
Lemon Grass Oil		3,991,962	3,294,693
Dolomite BD For Harpic Total		8,234,868	8,579,186
Others		48,938,881	32,123,381
		<b>1,090,586,458</b>	<b>887,341,357</b>
<b>Packing material</b>			
Skillet		117,815,382	94,696,745
Outer and cartons		84,064,161	62,242,708
Plastic container		203,159,938	199,296,106
Label		43,470,876	39,879,963
Polybag /HDPE		28,467,554	31,747,728
Cap		32,335,721	31,663,463
Others		20,959,538	14,673,615
		<b>530,273,170</b>	<b>474,200,328</b>
		<b>1,620,859,628</b>	<b>1,361,541,685</b>

E. Value of imports - at cost and freight basis

Raw and packing materials and finished goods for re-sale	1,104,603,552	804,841,601
Capital goods	108,040,552	60,989,236
	<b>1,212,644,104</b>	<b>865,830,837</b>





Notes to the financial statements (continued)

7. Cost of sales (continued)

F. Statement of production

i. Own manufacture

Line of business	Unit of measurement	Installed capacity shift single basis	Multiple shifts as applicable		Percentage increase/ (decrease)
			2020	2019	
Household & toiletries	Thousand Litre	14,751	33,754	31,623	7%
	Million No.	-	-	-	0%
	Metric Ton	5,439	16,316	16,316	0%
Pharmaceuticals	Million Tablets	-	-	-	0%
	Thousand Litre	604	1,806	661	173%
Total	Million Tablets	-	-	-	0%
	Metric Ton	5,439	16,316	16,316	0%
	Thousand Litre	15,355	35,559	32,284	10%
	Million No.	-	-	-	0%

ii. Imports for re-sale

Total business	Million No.	16	-	100%
	Metric Ton	125	280	-55%
	Thousand Litre	117	331	-65%



Notes to the financial statements (continued)

8. Other income

<i>In Taka</i>	<i>Note</i>	2020	2019
Profit/(loss) on sale of property, plant and equipment		15,715	982,886
Other income-Forfeited amount PF Fund		771,639	-
Operational loss-Forfeited amount not received PF Fund		(224,487)	-
		<b>562,867</b>	<b>982,886</b>

9. Operating expenses

<i>In Taka</i>	<i>Note</i>	2020	2019
Selling and distribution expenses	9(A)	337,776,344	342,579,304
Administrative expenses	9(B)	314,525,338	218,868,419
Royalties/Technical services fees	22(B)(ii)	268,673,264	151,680,678
Marketing expenses	9(C)	1,013,671,101	657,051,945
		<b>1,934,646,047</b>	<b>1,370,180,346</b>

A. Selling and distribution expenses

<i>In Taka</i>	<i>Note</i>	2020	2019
Salaries, wages and welfare expenses		196,303,949	219,183,015
Carriage outwards		66,316,940	46,470,422
Communication		360,878	-
Repairs and maintenance		200,000	-
Depot expenses		20,455,739	25,717,583
Entertainment		2,814	-
Vehicle expenses		7,696,063	10,291,383
Printing and stationery		270,401	380,918
Travelling		15,864,010	18,755,772
Sales office expenses		3,010,046	2,615,625
Insurance		360,107	401,402
Depreciation and impairment loss	15(B)	26,928,699	18,763,184
Others		6,698	-
		<b>337,776,344</b>	<b>342,579,304</b>

B. Administrative expenses

<i>In Taka</i>	<i>Note</i>	2020	2019
Salaries, wages and welfare expenses		232,600,887	158,968,211
Non-executive directors fee		414,000	555,897
Corporate Social Responsibility		6,814,390	-
Communication		5,625,248	5,281,866
Vehicle expenses		876,035	2,064,188
Travelling		1,730,963	2,954,130
Corporate office expenses		11,594,323	9,476,860
Repairs and maintenance		5,335,643	6,689,618
Legal and professional charges	9(B)(i)	12,023,757	10,213,448
Printing and stationery		2,437,361	3,165,502
Subscriptions		141,800	321,800
Staff recruitment, training and development expenses		153,075	1,467,403
Entertainment		5,536	136,671
AGM expenses		566,591	558,101
Bank charges		776,722	716,429
Insurance		195,254	249,865
Depreciation and impairment loss	15(B)	33,233,753	16,013,230
Others		-	35,200
		<b>314,525,338</b>	<b>218,868,419</b>



Notes to the financial statements (continued)

9. Net operating expenses (continued)

B. Administrative expenses (continued)

i. Legal and professional charges

<i>In Taka</i>	<i>Note</i>	2020	2019
Audit fee		1,288,024	1,000,000
Tax services		1,016,014	1,796,256
Legal consultancy		1,768,046	2,145,614
Other consulting fees		7,951,673	5,271,578
		<u>12,023,757</u>	<u>10,213,448</u>

C. Marketing expenses

<i>In Taka</i>	2020	2019
Media	493,213,408	300,464,747
Consumer marketing	103,623,509	115,548,388
Market research	5,374,296	4,313,906
Trade marketing	411,459,888	236,724,904
	<u>1,013,671,101</u>	<u>657,051,945</u>

10. Finance income

<i>In Taka</i>	2020	2019
Interest income	60,607,204	46,405,986
	<u>60,607,204</u>	<u>46,405,986</u>

11. Finance costs

<i>In Taka</i>	2020	2019
Interest expense on lease liabilities	11,078,255	2,165,338
	<u>11,078,255</u>	<u>2,165,338</u>

12. Contribution to WPPF

<i>In Taka</i>	2020	2019
Profit before contribution to WPPF	1,131,734,212	923,541,089
Applicable contribution rate	5%	5%
	<u>53,892,105</u>	<u>43,978,147</u>

The Company contributes 5% of the profit before tax after charging such expense as contribution to WPPF. See Note 39(C)(iv).



Notes to the financial statements (continued)

13. Income tax expense

See accounting policy in Note 39(E)

A. Amounts recognised in profit or loss

<i>In Taka</i>	Note	2020	2019
Current tax expense			
Current year		350,253,316	257,661,670
		350,253,316	257,661,670
Deferred tax (income)/expense			
Origination/(reversal) of temporary differences	13(D)	(11,298,833)	2,640,015
		(11,298,833)	2,640,015
Tax expense on continuing operations		338,954,483	260,301,685

B. Amounts recognised in OCI

<i>In Taka</i>	2020			2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurement of defined benefit liability	(19,342,960)	4,835,740	(14,507,220)	(300,000)	75,000	(225,000)
	(19,342,960)	4,835,740	(14,507,220)	(300,000)	75,000	(225,000)

C. Reconciliation of effective tax rate

<i>In Taka</i>	2020		2019	
Profit before tax		1,077,842,107		879,562,942
Tax using the Company's tax rate	25.00%	269,460,527	25.00%	219,890,736
Factors affecting the tax charge for current period:				
Excess/(deficit) of accounting depreciation over fiscal depreciation	0.65%	6,969,599	-1.21%	(10,629,095)
Excess/(deficit) of rental payment over expenses under IFRS-16	0.21%	2,309,590	0.34%	2,989,502
Provision for stock obsolescence	0.20%	2,181,991	0.02%	215,478
Non-deductible expenses	5.08%	54,731,380	3.31%	29,072,287
Excess of gratuity provision over payment of gratuity	0.83%	8,956,543	1.37%	12,064,369
Excess of technical services fee over payment of technical services fee	5.04%	54,310,139	2.74%	24,133,005
Excess of accounting profit over fiscal tax profit on property, plant and equipment	0.00%	-	-0.10%	(907,884)
Allowable deductions	-4.52%	(48,666,453)	-2.18%	(19,166,728)
Movement of temporary differences: as above	-1.05%	(11,298,833)	0.30%	2,640,015
	31.45%	338,954,483	29.59%	260,301,685



Notes to the financial statements (continued)

13. Income tax expense (continued)  
D. Movement in deferred tax balances

2020 <i>In Taka</i>	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance as at 31 December		
				Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(28,527,965)	3,087,580	-	(25,440,385)	-	(25,440,385)
Employee benefits	36,909,369	8,957,391	4,835,740	50,702,500	50,702,500	-
Trade and other receivables	72,720	(28,151)	-	44,569	44,569	-
Inventories	3,672,190	2,181,995	-	5,854,185	5,854,185	-
RoU assets- Impact of IFRS 16	(6,742,450)	(37,542,664)	-	(44,285,114)	-	(44,285,114)
Lease liabilities- Impact of IFRS 16	7,241,619	34,642,682	-	41,884,301	41,884,301	-
<b>Net deferred tax assets (liabilities)</b>	<b>12,625,483</b>	<b>11,298,833</b>	<b>4,835,740</b>	<b>28,760,056</b>	<b>98,485,555</b>	<b>(69,725,499)</b>

2019 <i>In Taka</i>	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance as at 31 December		
				Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(13,246,714)	(15,281,251)	-	(28,527,965)	-	(28,527,965)
Employee benefits	24,770,000	12,064,369	75,000	36,909,369	36,909,369	-
Trade and other receivables	210,500	(137,780)	-	72,720	72,720	-
Inventories	3,456,712	215,478	-	3,672,190	3,672,190	-
RoU assets- Impact of IFRS 16	-	(6,742,450)	-	(6,742,450)	-	(6,742,450)
Lease liabilities- Impact of IFRS 16	-	7,241,619	-	7,241,619	7,241,619	-
<b>Net deferred tax assets (liabilities)</b>	<b>15,190,498</b>	<b>(2,640,015)</b>	<b>75,000</b>	<b>12,625,483</b>	<b>47,895,898</b>	<b>(35,270,415)</b>

14. Earnings per share

A. Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

i. Profit attributable to ordinary shareholders (basic)

<i>In Taka</i>	Note	2020	2019
Net profit after tax for the year, attributable to the owners of the company		738,887,624	619,261,257
Profit/(loss) attributable to ordinary shareholders		738,887,624	619,261,257

ii. Weighted-average number of ordinary shares (basic)

	Note	2020	2019
Issued ordinary shares at 31 December	20(A)	4,725,000	4,725,000
Weighted-average number of ordinary shares at 31 December		4,725,000	4,725,000
<b>Basic earnings per share (EPS)</b>		<b>156.38</b>	<b>131.06</b>

Weighted average number of ordinary shares was not changed during the current and prior year.

EPS has increased to Tk. 156.38 in 2020 from Tk. 131.06 in 2019 due to increase in net profit after tax by Tk 119.6 million.

B. Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during these years.



Notes to the financial statements (continued)

15. Property, plant and equipment

See accounting policy in Note 39(H)

A. Reconciliation of carrying amount

In Taka	Leasehold land	Buildings	Leasehold Assets	Plant and machinery	Furniture fixtures and equipment	Computers	Vehicles	Under construction	Total
<b>Cost</b>									
Balance at 1 January 2019	209,490	244,825,121	64,785,711	214,705,695	128,602,432	35,852,977	56,766,941	132,445,236	878,193,603
Additions	-	-	-	-	3,554,998	6,873,773	-	128,652,666	139,081,437
Transfers/capitalised	-	63,564,761	-	143,852,405	28,720,327	173,000	-	(236,310,493)	-
Disposal	-	(1,449,097)	-	(8,760,159)	(3,050,857)	(2,131,784)	-	-	(15,391,897)
<b>Balance at 31 December 2019</b>	<b>209,490</b>	<b>306,940,785</b>	<b>64,785,711</b>	<b>349,797,941</b>	<b>157,826,900</b>	<b>40,767,966</b>	<b>56,766,941</b>	<b>24,787,409</b>	<b>1,001,883,143</b>
Balance at 1 January 2020	209,490	306,940,785	64,785,711	349,797,941	157,826,900	40,767,966	56,766,941	24,787,409	1,001,883,143
Additions	-	-	179,889,323	-	1,160,250	14,035,634	-	168,263,750	363,348,957
Transfers/capitalised	-	15,922,662	-	17,159,041	80,719,077	149,200	-	(113,949,980)	-
Disposal	-	(53,365,548)	(19,650,404)	(21,655,869)	(29,894,374)	(19,562,409)	-	-	(144,128,604)
<b>Balance at 31 December 2020</b>	<b>209,490</b>	<b>269,497,899</b>	<b>225,024,630</b>	<b>345,301,113</b>	<b>209,811,853</b>	<b>35,390,391</b>	<b>56,766,941</b>	<b>79,101,179</b>	<b>1,221,103,496</b>
<b>Accumulated depreciation and impairment losses</b>									
Balance at 1 January 2019	209,490	128,780,363	-	115,510,289	78,574,172	31,802,378	45,033,825	-	399,910,517
Depreciation	-	18,168,651	26,327,965	35,496,903	18,602,215	3,828,138	5,449,359	-	107,873,251
Impairment loss	-	(1,413,056)	-	(8,710,131)	(2,990,055)	(2,131,728)	-	-	(15,244,970)
Disposal	-	145,535,958	26,327,965	142,297,061	94,186,332	33,498,788	50,483,184	-	492,538,798
<b>Balance at 31 December 2019</b>	<b>209,490</b>	<b>145,535,958</b>	<b>26,327,965</b>	<b>142,297,061</b>	<b>94,186,332</b>	<b>33,498,788</b>	<b>50,483,184</b>	<b>-</b>	<b>492,538,798</b>
Balance at 1 January 2020	209,490	145,535,958	26,327,965	142,297,061	94,186,332	33,498,788	50,483,184	-	492,538,798
Depreciation	-	20,544,936	40,313,401	41,615,139	23,944,770	6,064,820	4,230,422	-	136,713,488
Impairment loss	-	2,794,653	-	61	4,647,232	397,085	2,028,149	-	9,867,180
Disposal	-	(53,365,548)	(18,757,204)	(21,655,869)	(29,894,374)	(19,562,408)	-	-	(143,235,403)
<b>Balance at 31 December 2020</b>	<b>209,490</b>	<b>115,509,999</b>	<b>47,884,182</b>	<b>162,256,392</b>	<b>92,883,960</b>	<b>20,398,285</b>	<b>56,741,755</b>	<b>-</b>	<b>495,884,063</b>
<b>Carrying amounts</b>									
At 1 January 2019	-	116,044,758	64,785,711	99,195,406	50,028,260	4,050,599	11,733,116	132,445,236	478,283,086
At 31 December 2019	-	161,404,827	38,457,726	207,500,880	63,640,568	7,269,178	6,283,757	24,787,409	509,344,345
At 31 December 2020	-	153,987,900	177,140,448	183,044,721	116,927,893	14,992,106	25,186	79,101,179	725,219,433

B. Allocation of depreciation and impairment loss

In Taka	2019		2020	
	Impairment loss	Depreciation	Impairment loss	Depreciation
Cost of sales	3,256,136	83,162,080	83,162,080	86,418,216
Selling and distribution expenses	4,795,770	22,132,929	22,132,929	18,763,184
Administrative expenses	1,815,274	31,418,479	31,418,479	33,233,753
	9,867,180	136,713,488	136,713,488	146,580,668
				107,873,251
				73,096,837
				18,763,184
				16,013,230
				107,873,251



Notes to the financial statements (continued)

15. Property, plant and equipment (continued)

C. Under construction

See accounting policy in Note 39(I)

<i>In Taka</i>	Furniture fixtures and equipment	Buildings	Plant and machinery	Computers	Total
<b>Cost</b>					
Balance at 1 January 2019	6,588,578	24,932,062	100,924,596	-	132,445,236
Additions	43,530,263	40,903,535	43,896,668	322,200	128,652,666
Transfers/capitalised	(28,720,327)	(63,564,761)	(143,852,405)	(173,000)	(236,310,493)
<b>Balance at 31 December 2019</b>	<b>21,398,514</b>	<b>2,270,836</b>	<b>968,859</b>	<b>149,200</b>	<b>24,787,409</b>
Balance at 1 January 2020	21,398,514	2,270,836	968,859	149,200	24,787,409
Additions	86,028,675	13,697,158	68,537,917	-	168,263,750
Transfers/capitalised	(80,719,077)	(15,922,662)	(17,159,041)	(149,200)	(113,949,980)
<b>Balance at 31 December 2020</b>	<b>26,708,112</b>	<b>45,332</b>	<b>52,347,735</b>	<b>-</b>	<b>79,101,179</b>

16. Inventories

See accounting policy in Note 39(G)

<i>In Taka</i>	Note	2020	2019
Raw and packing materials	16(A)	331,277,844	178,522,343
Provision for inventory obsolescence		(23,407,371)	(5,098,708)
<b>Net raw and packing materials</b>		<b>307,870,473</b>	<b>173,423,635</b>
Finished goods		290,370,931	273,772,243
Provision for inventory obsolescence		(9,367)	(9,590,050)
<b>Net finished goods</b>	16(B)	<b>290,361,564</b>	<b>264,182,193</b>
Work-in-progress		2,181,380	2,012,634
Inventory in transit	16(C)	21,204,774	11,499,930
		23,386,154	13,512,564
		<b>621,618,191</b>	<b>451,118,392</b>

A. Raw and packing materials

Raw materials	284,024,861	141,483,511
Packing materials	47,252,983	37,038,832
	<b>331,277,844</b>	<b>178,522,343</b>

B. Finished goods

i. Operational allocation of finished goods

Manufacturing unit	190,603,013	154,351,051
Trading unit	99,758,551	109,831,142
	<b>290,361,564</b>	<b>264,182,193</b>



Notes to the financial statements (continued)

16. Inventories (continued)

B. Finished goods (continued)

ii. Business line-wise allocation of finished goods

Business line	Unit of measurement	2020		2019	
		Quantity Unit	Amount Taka	Quantity Unit	Amount Taka
Household and toiletries	Metric Ton	629	220,774,982	671	199,125,874
	Thousand Litre	483	52,373,860	593	41,827,292
	Million No.	6	2,105,786	-	-
			275,254,628		240,953,166
Pharmaceuticals	Thousand Litre	54	15,106,936	75	23,229,027
	Million No.			-	-
			15,106,936		23,229,027
			290,361,564		264,182,193

C. Inventory in transit

<i>In Taka</i>	2020	2019
Raw and packing materials	7,962,617	5,306,604
Finished goods	13,242,157	6,193,326
	21,204,774	11,499,930

17. Trade and other receivables

<i>In Taka</i>	Note	2020	2019
Trade receivables	17(A)	22,963,472	40,888,404
Other receivables	17(B)	2,537,473	3,017,522
		25,500,945	43,905,926

A. Trade receivables

Trade receivables		23,141,748	41,179,284
Allowance for impairment of trade receivables	17(A)(i)	(178,276)	(290,880)
		22,963,472	40,888,404

i. Allowance for impairment of trade receivables

Balance at 1 January	290,880	841,998
Provision made during the year	(112,604)	(551,118)
Balance at 31 December	178,276	290,880

B. Other receivables

Inter-company receivables	17(B)(i)	977,890	513,078
Interest receivables		1,559,583	2,504,444
		2,537,473	3,017,522

i. Inter-company receivables

Reckitt Benckiser Corporate Services Limited, UK	977,890	513,078
	977,890	513,078





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

**18. Advances, deposits and prepayments**

<i>In Taka</i>	2020	2019
<b>Advances</b>		
Advance to suppliers	22,861,083	10,697,725
Advance to employees	5,398,297	3,511,550
	<u>28,259,380</u>	<u>14,209,275</u>
<b>Deposits</b>		
Security deposit	8,682,269	1,056,000
VAT current account	-	-
	<u>8,682,269</u>	<u>1,056,000</u>
<b>Prepayments</b>		
Prepaid insurance	2,519,351	1,632,230
Prepaid others	1,387,644	1,341,590
Prepaid government fees*	10,346,347	6,979,087
Prepaid rent	2,674,827	1,278,160
	<u>16,928,169</u>	<u>11,231,067</u>
	<u>53,869,818</u>	<u>26,496,342</u>

\* Prepaid government fees includes Taka 1,983,526 (2019: Taka 1,983,526) for claiming VAT refund and Taka 3,944,343 (2019: Taka 3,944,343) for claiming duty drawback refund for exporting goods on which VAT was paid at the time of import.

**19. Cash and cash equivalents**

<i>In Taka</i>	<i>Note</i>	2020	2019
Cash in hand		106,000	106,000
Cash at bank	19(A)	1,788,977,592	1,341,187,136
		<u>1,789,083,592</u>	<u>1,341,293,136</u>

**A. Cash at bank**

Hong Kong and Shanghai Banking Corporation Limited	32,427,369	43,090,123
Standard Chartered Bank	256,550,223	98,097,013
Short term deposits*	1,500,000,000	1,200,000,000
	<u>1,788,977,592</u>	<u>1,341,187,136</u>

\*As at 31 December 2020, the company had three short term deposits with HSBC and SCB with maturity of less than three months.



Notes to the financial statements (continued)

20. Share capital

See accounting policy in Note 39(F)

<i>In Taka</i>	2020	2019
130,000 ordinary shares of Taka 10 each fully paid up in cash	1,300,000	1,300,000
20,000 ordinary shares of Taka 10 each fully paid up in other than cash	200,000	200,000
4,575,000 ordinary shares of Taka 10 each fully paid bonus share	45,750,000	45,750,000
<b>In issue at 31 December - fully paid</b>	<b>47,250,000</b>	<b>47,250,000</b>
<b>Authorised</b>		
25,000,000 ordinary shares of Taka 10 each	250,000,000	250,000,000

A. Position of shareholding

<i>Name of the shareholders</i>	Number of shares Unit	At 31 December 2020		At 31 December 2019	
		Face value Taka	Percentage of holding %	Face value Taka	Percentage of holding %
<b>Parent company</b>					
Reckitt Benckiser plc, UK	3,919,918	39,199,180	82.96	39,199,180	82.96
<b>Bangladeshi shareholders:</b>					
ICB Unit Fund	3,700	37,000	0.08	167,780	0.36
Investment Corporation of Bangladesh (ICB)	15,774	157,740	0.33	157,740	0.33
ICB Mutual Funds	230	2,300	0.00	3,000	0.01
Individuals	304,604	3,046,040	6.45	3,225,040	6.83
Government of Bangladesh	178,339	1,783,390	3.77	1,783,390	3.77
Sadharan Bima Corporation (SBC)	79,059	790,590	1.67	790,590	1.67
Other institutions	223,376	2,233,760	4.73	1,923,280	4.07
	<b>4,725,000</b>	<b>47,250,000</b>	<b>100.00</b>	<b>47,250,000</b>	<b>100.00</b>

B. Classification of shareholders by holdings

<i>Holdings</i>	At 31 December 2020		At 31 December 2019	
	Number of holders	Percentage of holdings	Number of holders	Percentage of holdings
Less than 500 shares	1,748	2.24	2,434	3.12
500 to 5,000 shares	109	3.13	93	2.18
5,001 to 10,000 shares	3	0.43	6	0.94
10,001 to 20,000 shares	5	1.68	4	1.25
20,001 to 30,000 shares	-	-	-	-
30,001 to 40,000 shares	-	-	-	-
40,001 to 50,000 shares	-	-	-	-
50,001 to 100,000 shares	2	3.00	2	3.00
100,001 to 1,000,000 shares	2	6.55	2	6.55
Over 1,000,000 shares	1	82.96	1	82.96
	<b>1,870</b>	<b>100.00</b>	<b>2,542</b>	<b>100.00</b>

C. Dividends

*Dividend paid*

The following final dividends were paid by the Company for the year:

<i>In Taka</i>	Note	2020	2019
BDT 125 per qualifying ordinary share (2019: BDT 70)	Note 22 B(i)(b)	590,625,000	330,750,000
		<b>590,625,000</b>	<b>330,750,000</b>

*Proposed dividend*

After the reporting date, the following final dividends were proposed by the board of directors. The dividends have not been recognised as liabilities and there are/were no tax consequences in respective years. See Note 34.

<i>In Taka</i>	2020	2019
BDT 140 per qualifying ordinary share (2019: BDT 125)	661,500,000	590,625,000
	<b>661,500,000</b>	<b>590,625,000</b>



Notes to the financial statements (continued)

21. Employee benefits

See accounting policy in Note 39(C)

<i>In Taka</i>	2020	2019
Net defined benefit asset	-	-
<b>Total employee benefit asset</b>	-	-
Net defined benefit liability	202,810,000	147,637,475
<b>Total employee benefit liabilities</b>	202,810,000	147,637,475

A. Movement in net defined benefit asset and liability

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

<i>In Taka</i>	Defined benefit obligation		Fair value of plan assets		Net defined (asset)/liability	
	2020	2019	2020	2019	2020	2019
Balance at 1 January	147,637,475	99,080,000	-	-	147,637,475	99,080,000
<b>Included in profit or loss</b>						
Current service cost	25,540,000	16,167,416	-	-	25,540,000	16,167,416
Past service costs	-	32,000,000	-	-	-	32,000,000
Interest cost/(income)	13,270,000	8,260,000	-	-	13,270,000	8,260,000
	38,810,000	56,427,416	-	-	38,810,000	56,427,416
<b>Included in OCI</b>						
Actuarial (gain)/loss arising from:						
Return on plan assets	-	-	-	-	-	-
Financial assumption	-	-	-	-	-	-
Experience adjustment	19,342,960	300,000	-	-	19,342,960	300,000
	58,152,960	56,727,416	-	-	58,152,960	56,727,416
<b>Other</b>						
Contribution paid by the employer						
Benefits paid	(2,980,435)	(8,169,941)	-	-	(2,980,435)	(8,169,941)
	(2,980,435)	(8,169,941)	-	-	(2,980,435)	(8,169,941)
<b>Balance at 31 December</b>	<b>202,810,000</b>	<b>147,637,475</b>	<b>-</b>	<b>-</b>	<b>202,810,000</b>	<b>147,637,475</b>
<i>In Taka</i>					2020	2019
Current portion					31,460,000	9,260,000
Non Current portion					171,350,000	138,377,475
					202,810,000	147,637,475

B. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	2020	2019
<b>Financial assumptions:</b>		
Discount rate	7.50%	9.25%
Salary escalation rate	8.50%	8.50%
<b>Demographic assumptions:</b>		
Withdrawal rate	10%-20%	2.00%

Assumptions regarding future mortality have been used based on published statistics and mortality tables. As there is no published mortality table in Bangladesh and hence the Indian Assured Life Mortality rate (2006-08) ultimate based on the mortality experience of assured lives in India is being used as a reasonable approximation. The current longevities underlying the values of the defined obligations at the reporting date was adopted from Indian Life Mortality table.

C. Sensitivity analysis

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

	31 December 2020		31 December 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	12,970,000	(11,560,000)	165,510,000	(133,240,000)
Future salary growth (1% movement)	12,730,000	(11,560,000)	165,470,000	(133,020,000)

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



Notes to the financial statements (continued)

22. Trade and other payables

<i>In Taka</i>	<i>Note</i>	2020	2019
Trade payables	22(A)	159,302,463	148,121,451
Other payables	22(B)	1,687,116,813	1,206,152,385
		<b>1,846,419,276</b>	<b>1,354,273,836</b>
<b>A. Trade payables</b>			
Inter-company trade payables	22(A)(i)	28,643,135	5,382,092
Third party trade payables		130,659,328	142,739,359
		<b>159,302,463</b>	<b>148,121,451</b>
<b>i. Inter-company trade payables</b>			
Reckitt Benckiser (India) Ltd.		28,643,135	3,079,966
Reckitt Benckiser (Pakistan) Ltd.		-	2,302,126
		<b>28,643,135</b>	<b>5,382,092</b>
<b>B. Other payables</b>			
Third party other payables	22(B)(i)	1,156,239,638	781,428,474
Inter-company other payables	22(B)(ii)	530,877,175	424,723,911
		<b>1,687,116,813</b>	<b>1,206,152,385</b>
<b>i. Third party other payables</b>			
Payable for employee remuneration and other expenses		945,452,091	628,068,450
Advance from customers		62,800,797	30,109,345
Advance from third parties		1,099,996	1,099,996
Withholding tax and VAT payables		57,419,422	26,433,691
Worker's profit participation fund	12	53,892,105	43,978,147
Payable for capital expenditure		4,793,729	10,953,012
Return provision		21,973,257	31,820,989
Unclaimed dividend	22(B)(i)(a)	8,808,241	8,964,844
		<b>1,156,239,638</b>	<b>781,428,474</b>
<b>a. Unclaimed dividend</b>			
<i>In taka</i>		2020	2019
Final 2018		1,288,563	1,345,624
Final 2017		842,641	862,341
2017 Interim		499,452	507,634
2016 Final		603,278	614,434
2016 1st Interim		610,678	622,578
2015 2nd Interim		244,798	249,260
2015 1st Interim		729,488	735,863
2014 Final		146,540	149,515
2014 2nd Interim		501,672	506,878
2014 1st Interim		1,347,632	1,356,295
2013 Final		1,007,832	1,020,430
2012 Final		427,853	429,878
2011 Final		232,752	235,272
2011 Interim		325,062	328,842
		<b>8,808,241</b>	<b>8,964,844</b>



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

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

**B. Other payables (continued)**

**i. Third party other payables (continued)**

**b. Dividend paid during the year**

<i>In taka</i>	2020	2019
Reckitt Benckiser plc, UK	489,989,750	274,394,260
<b>Foreign shareholders</b>	<b>489,989,750</b>	<b>274,394,260</b>
ICB Unit Fund	1,806,500	1,250,200
Investment Corporation of Bangladesh (ICB)	1,971,750	1,767,710
Mutual Funds	1,267,125	1,035,790
Individuals	40,119,375	21,197,750
Government of Bangladesh	22,292,375	12,483,730
Sadharan Bima Corporation (SBC)	9,844,875	5,513,130
Institutions	23,333,250	13,107,430
<b>Bangladeshi shareholders</b>	<b>100,635,250</b>	<b>56,355,740</b>
<b>Dividend declared and paid in the year</b>	<b>590,625,000</b>	<b>330,750,000</b>

**c. Payment during the year from unclaimed dividend**

2018 Final	57,060	-
2017 Final	19,699	19,699
2017 Interim	8,182	19,112
2016 Final	11,156	22,312
2016 Interim	11,900	15,300
2015 2nd Interim	4,462	5,738
2015 Interim	6,376	17,001
2014 Final	2,975	4,675
2014 2nd Interim	5,206	6,694
2014 1st Interim	8,663	11,138
2013 Final	12,598	16,200
2012 Final	2,026	18,901
2011 Final	2,520	2,160
2011 Interim	3,780	2,700
	156,603	161,630
<b>Payment during the year</b>	<b>590,781,603</b>	<b>330,911,630</b>

**ii. Inter-company other payables**

<i>In Taka</i>	Note	2020	2019
<b>Payable for technical services fees</b>			
Reckitt and Colman Overseas Limited, UK	22(B)(ii)(a)	-	194,651,230
		-	194,651,230
<b>Payable for royalties</b>			
Reckitt Benckiser Health Limited, UK	22(B)(ii)(b)	372,183,839	157,067,055
Reckitt Benckiser (ENA) B.V., Netherlands	22(B)(ii)(c)	158,693,336	73,005,626
		530,877,175	230,072,681
		530,877,175	424,723,911

**a. Payable for technical services fees**

Balance at 1 January	194,651,230	378,132,233
Charge for the year	-	-
Write back of unapproved portion of technical services fees	(32,131,230)	(78,392,003)
Net charge for the year	(32,131,230)	(78,392,003)
Paid during the year	22(B)(ii)(a)(a.1)	(162,520,000)
Balance at 31 December	-	194,651,230



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

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

**B. Other payables (continued)**

**ii. Inter-company other payables (continued)**

**a.1. Paid during the year**

<i>In Taka</i>	2020	2019
Paid to Reckitt and Colman Overseas Limited, UK	(113,057,391)	(68,307,850)
VAT on technical services fee	(21,198,261)	(15,763,350)
AIT on technical services fee	(28,264,348)	(21,017,800)
	<u>(162,520,000)</u>	<u>(105,089,000)</u>

**b. Payable for royalties - Reckitt Benckiser Health Limited**

Balance at 1 January	157,067,055	-
Charge for the year	215,116,784	157,067,055
	<u>372,183,839</u>	<u>157,067,055</u>
Paid during the year	-	-
Balance at 31 December	<u>372,183,839</u>	<u>157,067,055</u>

**c. Payable for royalties - Reckitt Benckiser (ENA) B.V.**

Balance at 1 January	73,005,626	-
Charge for the year	85,687,710	73,005,626
	<u>158,693,336</u>	<u>73,005,626</u>
Paid during the year	-	-
Balance at 31 December	<u>158,693,336</u>	<u>73,005,626</u>

**23. Lease liabilities**

<i>In Taka</i>	2020	2019
Current portion of lease liabilities	18,213,814	16,224,453
Non-current portion of lease liabilities	149,323,393	12,742,024
	<u>167,537,207</u>	<u>28,966,477</u>

**24. Current tax liabilities**

<i>In Taka</i>	Note	2020	2019
Balance at 1 January		179,941,392	130,635,192
Provision made during the year	13(A)	350,253,316	257,661,670
		<u>530,194,708</u>	<u>388,296,862</u>
Payment made under sections 64 and 74		(241,385,538)	(159,389,326)
Withholding tax		(69,243,466)	(48,966,144)
Payment made during the year		<u>(310,629,004)</u>	<u>(208,355,470)</u>
Balance at 31 December		<u>219,565,704</u>	<u>179,941,392</u>



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

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

**A. Accounting classifications and fair values**

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

Further, for the current year the fair value disclosure of lease liabilities is also not required.

In Taka	Note	Fair value- hedging instruments	Mandatorily at FVTPL – others	FVOCI – debt instruments	FVOCI – equity instruments	Carrying amount			Total
						Financial assets at amortised cost	Other financial liabilities		
<b>31 December 2020</b>									
<b>Financial assets not measured at fair value</b>									
	17	-	-	-	-	25,500,945	-	-	25,500,945
	19	-	-	-	-	1,789,083,592	-	-	1,789,083,592
		-	-	-	-	1,814,584,537	-	-	1,814,584,537
<b>Financial liabilities not measured at fair value</b>									
	22	-	-	-	-	-	(1,846,419,276)	(1,846,419,276)	(1,846,419,276)
		-	-	-	-	-	(1,846,419,276)	(1,846,419,276)	(1,846,419,276)
<b>31 December 2019</b>									
<b>Financial assets not measured at fair value</b>									
	17	-	-	-	-	43,905,926	-	-	43,905,926
	19	-	-	-	-	1,341,293,136	-	-	1,341,293,136
		-	-	-	-	1,385,199,062	-	-	1,385,199,062
<b>Financial liabilities not measured at fair value</b>									
	22	-	-	-	-	-	(1,354,273,836)	(1,354,273,836)	(1,354,273,836)
		-	-	-	-	-	(1,354,273,836)	(1,354,273,836)	(1,354,273,836)

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



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

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

**B. Financial risk management**

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

- credit risk (see (B)(ii));
- liquidity risk (see (B)(iii)); and
- market risk (see (B)(iv)).

**i. Risk management framework**

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

**ii. 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 customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, receivables are grouped according to their risk profile, i.e. their legal status, financial condition, aging profile etc. Trade and other receivables are mainly related to the interest receivables and other fees.

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

**(a) Exposure to credit risk**

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

<i>In Taka</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
Trade and other receivables	17	25,500,945	43,905,926
Cash and cash equivalents	19	1,789,083,592	1,341,293,136
		<b>1,814,584,537</b>	<b>1,385,199,062</b>





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

**25. Financial instruments - Fair values and risk management (continued)**  
**B. Financial risk management (continued)**  
**(a.1) Trade and other receivables**

The exposure to credit risk for Trade and other receivables at the end of the reporting year by external and intercompany was:

<i>In Taka</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
Trade receivables	17(A)	23,141,748	41,179,284
Interest receivables	17(B)	1,559,583	2,504,444
Inter-company receivables	17(B)(i)	977,890	513,078
		<b>25,679,221</b>	<b>44,196,806</b>

**The aging of trade receivables at 31 December**

Past due 1-30 days	22,489,646	40,048,157
Past due 31-60 days	652,101	1,131,127
Past due 61-90 days	-	-
Past due 91-180 days	-	-
Past due over 180 days	-	-
	<b>23,141,748</b>	<b>41,179,284</b>

**The aging of interest receivables at 31 December**

Past due 1-30 days	1,559,583	2,504,444
Past due 31-60 days	-	-
Past due 61-90 days	-	-
Past due 91-180 days	-	-
Past due over 180 days	-	-
	<b>1,559,583</b>	<b>2,504,444</b>

**The aging of inter-company receivables at 31 December**

Past due 1-30 days	-	513,078
Past due 31-60 days	977,890	-
Past due 61-90 days	-	-
Past due 91-180 days	-	-
Past due over 180 days	-	-
	<b>977,890</b>	<b>513,078</b>

**(a.2) Cash and cash equivalents**

The exposure to credit risk for cash and cash equivalents at the end of the reporting year was:

<i>In Taka</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
Cash in hand	19	106,000	106,000
Cash at bank	19(A)	1,788,977,592	1,341,187,136
		<b>1,789,083,592</b>	<b>1,341,293,136</b>

Cash at bank are held with HSBC and SCB which are rated ST-1 & AAA based on ratings by Credit Rating Agency of Bangladesh (CRAB) and Credit Rating Information and Services Limited (CRISL) respectively.



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

25. **Financial instruments - Fair values and risk management (continued)**  
 B. **Financial risk management (continued)**  
 iii. **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity 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.

The Company maintains sufficient cash and cash equivalents to meet expected operational expenses for periods which the Company thinks appropriate. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters. Moreover, the Company may also get support from the parent in the form of shareholder's loan/capital contribution to ensure payment of obligation in the event that there is insufficient cash to make the required payment.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

In Taka	Note	Carrying amount	Total	Contractual cash flows				
				6 months or less	1-2 years	2-5 years	More than 5 years	
<b>31 December 2020</b>								
<b>Non-derivative financial liabilities</b>								
Third party trade payables	22(A)	130,659,328	(130,659,328)	(130,659,328)	-	-	-	-
Inter-company trade payables	22(A)(i)	28,643,135	(28,643,135)	(28,643,135)	-	-	-	-
Third party other payables	22(B)(i)	1,156,239,638	(1,156,239,638)	(1,147,431,397)	(8,808,241)	-	-	-
Inter-company other payables	22(B)(ii)	530,877,175	(530,877,175)	(530,877,175)	-	-	-	-
Lease liabilities	23	167,537,207	(167,537,207)	(8,257,006)	(9,956,808)	(17,834,211)	(54,041,145)	(77,448,037)
		2,013,956,483	(2,013,956,483)	(1,314,990,866)	(549,642,224)	(17,834,211)	(54,041,145)	(77,448,037)
<b>31 December 2019</b>								
<b>Non-derivative financial liabilities</b>								
Third party trade payables	22(A)	142,739,359	(142,739,359)	(142,739,359)	-	-	-	-
Inter-company trade payables	22(A)(i)	5,382,092	(5,382,092)	(5,382,092)	-	-	-	-
Third party other payables	22(B)(i)	781,428,474	(781,428,474)	(772,463,630)	(8,964,844)	-	-	-
Inter-company other payables	22(B)(ii)	424,723,911	(424,723,911)	(424,723,911)	(424,723,911)	-	-	-
Lease liabilities	23	28,966,477	(29,619,475)	(8,518,997)	(7,770,812)	(13,329,666)	-	-
		1,383,240,313	(1,383,893,311)	(929,104,078)	(441,459,567)	(13,329,666)	-	-



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

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

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

**iv. Market risk**

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

**(a) Currency risk**

The Company is exposed to currency risk on sales, purchases and borrowings incurred in foreign currencies. The Company's foreign currency transactions are denominated in USD, EUR and GBP.

**(b) Exposure to currency risk**

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

	31 December 2020				31 December 2019			
	BDT	USD	EUR	GBP	BDT	USD	EUR	GBP
<b>Foreign currency denominated assets</b>								
Receivables due from related parties	977,890	5,106	-	4,715	513,078	6,043	-	-
<b>Total assets</b>	<b>977,890</b>	<b>5,106</b>	<b>-</b>	<b>4,715</b>	<b>513,078</b>	<b>6,043</b>	<b>-</b>	<b>-</b>
<b>Foreign currency denominated liabilities</b>								
Trade payables due to related parties	(28,643,135)	(341,272)	-	-	(5,382,092)	(63,390)	-	-
<b>Total liabilities</b>	<b>(28,643,135)</b>	<b>(341,272)</b>	<b>-</b>	<b>-</b>	<b>(5,382,092)</b>	<b>(63,390)</b>	<b>-</b>	<b>-</b>
<b>Net exposure</b>	<b>(27,665,245)</b>	<b>(336,166)</b>	<b>-</b>	<b>4,715</b>	<b>(4,869,014)</b>	<b>(57,347)</b>	<b>-</b>	<b>-</b>

**(c) The following significant exchange rates have been applied during the year**

	2020	2019
<b>Average rate</b>		
USD	84.96	84.34
EUR	96.96	94.41
GBP	109.09	107.69
<b>Year end spot rate</b>		
USD	84.66	84.90
EUR	103.46	95.19
GBP	115.72	112.56

**(d) Market risk-interest rate risk**

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. All payables of the company are interest free. Therefore no interest rate risk arises for the company as at 31 December 2020.



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

**26. Leases**

See accounting policy in Note 39(M)

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

The company has takes leases for head office, distribution centers and warehouses. The lease for head office runs for 10 years, distribution centers for 2 - 3 years and warehouses for 2 - 5 years, with an option to renew.

The leases for distribution centers were entered into many years ago. Previously, these leases were classified as operating leases under IAS 17.

The Company leases sales offices with contract terms of one year. These leases are short-term and leases of low-value items. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

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

**i. Right-of-use assets**

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 15.A).

<i>In Taka</i>	<b>Buildings</b>
<b>2020</b>	
Balance at 1 January	38,457,726
Depreciation charge for the year	(40,313,401)
Additions to right-of-use assets	179,889,323
Derecognition of right-of-use assets	(893,200)
<b>Balance at 31 December</b>	<b>177,140,448</b>

<i>In Taka</i>	<b>Buildings</b>
<b>2019</b>	
Balance at 1 January	64,785,711
Depreciation charge for the year	(26,327,985)
Additions to right-of-use assets	-
Derecognition of right-of-use assets	-
<b>Balance at 31 December</b>	<b>38,457,726</b>

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

<i>In Taka</i>	<b>2020</b>	<b>2019</b>
Interest on lease liabilities	11,078,255	2,165,338
Expenses relating to short-term leases and leases of low-value assets	8,373,618	1,139,918
	<b>19,451,873</b>	<b>3,305,256</b>

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

<i>In Taka</i>	<b>2020</b>	<b>2019</b>
<b>Total cash outflow for leases</b>	<b>26,428,795</b>	<b>16,535,316</b>

**iv. Extension options**

Some property leases contain extension options exercisable by the Company. However, There is no extension option for Head-office lease. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

**B. Leases as lessor**

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



Notes to the financial statements (continued)

27. Related parties

A. Parent and ultimate controlling party

Reckitt Benckiser plc, UK has 82.96% shareholding of the Company. As a result, the parent and ultimate controlling party of the Company is Reckitt Benckiser plc, UK.

B. Transactions with key management personnel

i. Key management personnel compensation

Key management personnel compensation comprised the following.

In Taka	2020		2019	
	Managing Director	Directors and managers	Managing Director	Directors and managers
Remuneration, bonus and other benefits	56,508,093	379,688,089	38,526,087	298,103,881
Housing rental	-	67,921,210	-	58,794,303
Leave passage	-	7,965,676	-	7,906,184
Medical	-	11,904,623	-	6,309,759
<b>Short-term employee benefits</b>	<b>56,508,093</b>	<b>467,479,598</b>	<b>38,526,087</b>	<b>371,114,127</b>
Gratuity provision	-	38,163,105	-	55,842,416
Provident fund	-	15,770,328	-	13,694,558
<b>Post-employment benefits</b>	<b>-</b>	<b>53,933,433</b>	<b>-</b>	<b>69,536,974</b>
	<b>56,508,093</b>	<b>521,413,031</b>	<b>38,526,087</b>	<b>440,651,101</b>
Number	1	187	1	153

Compensation for Reckitt's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan and provident fund. These expenses are included in operating expenses.

Managing director and certain managers are provided with Company's car, subject to certain limit.

C. Other related party transactions

In Taka	Note	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2020	2019	2020	2019
<b>Parent of the Company</b>					
<b>Dividend paid</b>					
Reckitt Benckiser plc, UK	22(B)(i)(b)	489,989,750	274,394,260	-	-
<b>Fellow subsidiaries of the Company</b>					
<b>Import of raw materials and finished goods</b>					
Reckitt Benckiser (India) Ltd.		63,794,107	132,329,968	28,643,135	3,079,966
Reckitt Benckiser Healthcare (UK) Ltd.		19,714,945	57,031,611	-	-
Reckitt Benckiser (Pakistan) Ltd.		3,300,721	10,455,832	-	2,302,126
Reckitt Benckiser Health Limited		1,161,671	-	-	-
Reckitt Benckiser Healthcare Manufacturing (Thailand) Ltd		19,714,945	-	-	-
Reckitt Benckiser(India) Private Ltd.		68,085	-	-	-
RB Bahrain WLL		2,029,946	-	-	-
<b>Technical services fees</b>					
Reckitt and Colman Overseas Limited, UK		-	-	-	194,651,230
<b>Royalties</b>					
Reckitt Benckiser Health Limited, UK		215,116,784	157,067,055	372,183,839	157,067,055
Reckitt Benckiser (ENA) B.V., Netherlands		85,687,710	73,005,626	158,693,336	73,005,626
<b>Systems support services</b>					
Reckitt Benckiser Corporate Services Limited, UK		2,267,624	3,568,753	977,890	513,078



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

**28. Net asset value per share**

<i>In Taka</i>	2020	2019
Net Asset	807,719,848	673,964,444
Weighted average number of ordinary shares outstanding during the year	4,725,000	4,725,000
Net asset value per share	170.95	142.64

Net asset value per share has increased to Tk. 170.95 in 2020 from Tk. 142.64 in 2019 as retained earnings has increased by Tk. 133.7 million.

**29. Net operating cash flow per share**

<i>In Taka</i>	2020	2019
Net operating cash flow	1,372,957,029	834,216,341
Weighted average number of ordinary shares outstanding during the year	4,725,000	4,725,000
Net operating cash flow per share	290.57	176.55

Net operating cash flow per share has increased to Tk 290.57 in 2020 from 176.55 in 2019 as receipts from customers has increased by 1404.2 million due to business volume growth.

**30. Reconciliation of net operating cash flow**

<i>In Taka</i>	Note	2020	2019
Profit before tax		1,077,842,107	879,562,942
Adjustment for:			
- Depreciation and impairment loss	15(A)	146,580,668	107,873,251
- (Gain)/Loss on sale of property, plant and equipment	8	-	(982,886)
- Other income	8	(562,867)	-
- Impairment loss reversal on trade receivables	17(A)(i)	(112,604)	(551,118)
- Finance costs	11	11,078,255	2,165,338
- Finance income	10	(60,607,204)	(46,405,986)
		1,174,218,355	941,661,541
Changes in:			
- Inventories		(170,499,799)	(149,988,695)
- Trade and other receivables		17,460,120	42,932,967
- Advances, deposits and prepayments		(27,373,476)	21,257,988
- Trade and other payables		634,608,308	138,150,535
- Employee benefits		55,172,525	48,557,475
Cash generated from operating activities		1,683,586,033	1,042,571,811
Income tax paid	24	(310,629,004)	(208,355,470)
Net cash generated by operating activities		1,372,957,029	834,216,341

**31. Commitments**

At 31 December, there were some outstanding purchase orders for the company for capital expenditures.

**A. Capital expenditure commitment**

<i>In Taka</i>	2020	2019
Financial expenditures - outstanding purchase orders	4,341,373	-
	4,341,373	-



## Notes to the financial statements (continued)

### 32. Contingent liabilities

There are contingent liabilities of Taka 123,833,679 (2019: Taka 116,681,135) on account of bank guarantees, acceptance trust receipt under letter of credit and Taka 249,241,526 (2019: Taka 236,389,485) on account of ordinary letter of credit issued by Standard Chartered Bank in favour of the Company.

Out of Taka 9,402,203 Taka 8,561,203 for bank guarantees (2019: Taka 6,068,041) and Taka 841,000 for performance bond guarantees (2019: Taka 1,844,467) on behalf of Reckitt Benckiser (Bangladesh) Limited.

There is a documentary credit of Taka 4,785,303 (2019: Taka 8,172,329) and import bills/bills receivable Taka 9,831,498 (2019: Taka 2,589,510) have been issued by SCB and HSBC on behalf of Reckitt Benckiser (Bangladesh) Limited.

<i>In Taka</i>	2020	2019
Guarantees issued by the Company's scheduled bankers to third parties on counter - indemnities given by the Company	9,402,203	7,912,508
Irrevocable letter of credit opened by the scheduled banks net of on account payment	254,026,829	355,919,951
	<u>263,429,032</u>	<u>363,832,459</u>

### 33. Number of employees

The company employed 266 (2019: 230) permanent employees and a varying number of casual and temporary employees as required. All permanent employees receive total remuneration in excess of Taka 36,000 per annum.

### 34. Events after the reporting date

For the year 2020, the board of directors recommended a final cash dividend of Taka 140 per share amounting to Taka 661,500,000 at the board meeting held on 29 April 2021.

Above recommended dividend represents 89.53% of net profit after tax of the Company for the income year ended 31 December 2020. As a result, the Company shall not be attracted any tax liability as per section 16G of Income Tax Ordinance, 1984.

There is no any other significant events after balance sheet date that may affect financial statements of the Company for the year ended 31 December 2020.



Notes to the financial statements (continued)

35. Remittance made in foreign currency (FC)

Currency	2020		2019	
	FC	Taka	FC	Taka
Dividend paid to Reckitt Benckiser Plc, UK (GBP)	3,994,482	440,990,775	2,273,986	246,954,834
Reckitt and Colman Overseas Ltd. (GBP)	1,046,828	113,057,391	604,494	68,307,850
Willis Tower Wattson India Private Limited (USD)	1,600	135,920	1,600	135,200
<b>Total</b>		<b>554,184,086</b>		<b>315,397,884</b>

36. Receipt in foreign currency (FC)

Currency	Nature of receipt	2020		2019	
		FC	Taka	FC	Taka
Reckitt Benckiser Corporate Services Ltd. (USD)	System Support Service	15,318	1,281,749	24,304	2,028,654
<b>Total</b>		<b>15,318</b>	<b>1,281,749</b>	<b>24,304</b>	<b>2,028,654</b>

37. Production capacity

Line of business	Unit of measurement	Installed capacity for the year 2020	Production for the year 2020
Household & toiletries	Thousand Litre	33,754	12,631
	Metric Ton	16,316	9,103
Pharmaceuticals	Thousand Litre	1,806	994
<b>Total</b>	Thousand Litre	<b>35,559</b>	<b>13,625</b>
	Metric Ton	<b>16,316</b>	<b>9,103</b>





## Notes to the financial statements (continued)

### 38. Basis of measurement

The financial statements of the Company have been prepared on historical cost basis except for net defined benefit (asset)/liability for which the measurement basis is the fair value of plan assets less the present value of the defined benefit obligation, as explained in Note 39(C).

### 39. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

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

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#### A. Foreign currency

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

Foreign currency differences arising on retranslation are recognised in the profit or loss.

#### B. Revenue recognition

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

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

Considering the five steps model, the Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Goods is considered as transfer when (or as) the customer obtains control of that goods. Then the Company recognises the net revenue from sale of goods in its financial statements.

Net Revenue is defined as the amount invoiced to external customers during the year and comprises, as required by IFRS 15, gross sales net of trade spend, customer allowances for credit notes, returns and consumer coupons. The methodology and assumptions used to estimate credit notes, returns and consumer coupons are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Value-added tax and other sales taxes are also excluded from revenue.



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

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

**C. Employee benefits**

**i. Short-term employee benefits**

Short-term employee benefits are 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.

**ii. Defined contribution plans (provident fund)**

The Company operates a recognised provident fund in which employees contribute 10% of their basic salary and the company also contributes same. The Company has no legal or constructive obligation to pay further amounts. Obligations for contributions to the recognised provident fund are recognised in profit or loss in the period during which related services are rendered by employees.

**iii. Defined benefit plans (gratuity)**

The Company operates an unfunded gratuity scheme. The Company's net obligation in respect of defined plans is calculated separately for each plan by estimating benefit that employees have earned in the current period, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation was performed this year by a qualified actuarial firm using the Projected Unit Credit (PUC) method to assess the Plan's liabilities. All actuarial gains and losses are recognised immediately in the retained earnings through an account known as the other comprehensive income or expenses. The actuarial calculations was performed according to IAS 19 - *Employee benefits*. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset) taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

**iv. Workers' Profit Participation Fund**

Workers' Profit Participation Fund (the "WPPF") also qualifies as defined contribution plan. The Company is required to provide 5% of net profit before tax after charging such expense in accordance with Bangladesh Labour Act 2006 (amended in 2013), if any.

**D. Finance income**

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss using the effective interest method.

**E. Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

**i. Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Provision for current tax expenses has been made on the basis of Income Tax Ordinance 1984 (as amended up to date). Currently, the applicable tax rate is 25% on taxable profit.

**ii. Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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 taxes levied by the same tax authority.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be 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.



## Notes to the financial statements (continued)

### 39. Significant accounting policies (continued)

#### F. Share capital

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

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

#### G. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the above and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost to completion and selling expenses.

Inventory in transit represents the cost incurred for the items that were not received up to the date of statement of financial position.

#### H. Property, plant and equipment

##### i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### ii. Subsequent costs

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

##### iii. Depreciation

Items of property, plant and equipment are depreciated from the month they are available for use while no depreciation is charged for the month in which an asset is disposed off.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated except for leasehold land.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Leasehold land	The lower of 50 years or the life of the lease.
Buildings	5-45 years
Plant and machinery	3-8 years
Furniture, fixtures and equipment	1-5 years
Computers	3 years
Vehicles	4 years

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

Property, plant and equipment with a cost of minimum BDT 50,000 are capitalised. Property, plant and equipment with a cost price below BDT 50,000 are fully depreciated in the year of acquisition and charged in the administrative expenses.



39. Significant accounting policies (continued)

H. Property, plant and equipment (continued)

iv. Impairment

Perform annual reviews of the remaining depreciation life on its major / material assets. If the expected useful life is greater than the life on the asset register, then no change to depreciation results is required. If the expected useful life is shorter than that on the asset register then the monthly depreciation should be changed equal to the Net Book Value divided by the remaining life, in months.

At the same time that the business carries out a life review on its major assets, it should also conduct a review for indicators of impairment. The following events could trigger an impairment:

- The equipment is not used because of product changes and no plans exist for its use in the near future.
- A change in product sourcing renders the asset unused.
- Discontinuation of sale of the products being produced by the equipment with no planned usage for other products.
- Physical damage to the production line requiring new equipment.
- The expected future profitability of the products being produced by the line is less than the NBV of the line (possible for very low or negative margin products).

I. Asset under construction

Capital work-in-progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use. Capital work-in-progress is recorded at cost to the extent of expenditure incurred to date of statement of financial position. The amount of capital work-in-progress is transferred to appropriate asset category and depreciated when the asset is completed and commissioned.

J. Financial instruments

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

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

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



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

**39. Significant accounting policies (continued)**  
**J. Financial instruments (continued)**  
**ii. Classification and subsequent measurement (continued)**  
**Financial Assets (continued)**

**Financial assets – Business model assessment**

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

**Financial assets – Subsequent measurement and gains and losses**

**Financial assets at FVTPL** These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**Financial assets at amortised cost** These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Debt investments at FVOCI** These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Equity investments at FVOCI** These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets includes cash and cash equivalents, trade and other receivables, investment.

**(a) Cash and cash equivalents**

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

**(b) Trade and other receivables**

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

**Financial liability**

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

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

Financial liabilities include trade and other payables etc.



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

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

**J. Financial instruments (continued)**

**ii. Classification and subsequent measurement (continued)**  
**Financial liabilities (continued)**

**(a) Trade and other payables**

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

**K. Impairment**

**i. Non-derivative financial assets**

The Company recognises loss allowances for Expected Credit Loss (ECL) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

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

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

**ii. Measurement of ECLs**

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

**L. Provisions**

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

**M. Leases**

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

**i. Policy applicable 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 uses the definition of a lease in IFRS 16.

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

**(a) As a lessee**

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected to separate non-lease components from leases and account for non-lease components as rent related operating expenses.

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



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

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

**M. Leases (continued)**

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

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

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

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

- fixed payments, including in-substance fixed payments; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

**(b) Short-term leases and leases of low-value assets**

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

**ii. Policy applicable before 1 January 2019**

For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

**ii. Policy applicable before 1 January 2019 (continued)**

**(a) As a lessee**

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.



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

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

**N. Contingencies**

**i. Contingent liability**

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability should not be recognised in the financial statements, but may require disclosure. A provision should be recognised in the period in which the recognition criteria of provision have been met.

**ii. Contingent asset**

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

**O. Earnings per share**

The Company presents basic and diluted (when dilution is applicable) earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company with the weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue. 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.

Related disclosure of earnings per share has been provided in Note 14.

**P. Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Company's management committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assesses its performance, and for which discrete financial information is available.

**Q. Reporting period**

The financial period of the Company covers 12 months period from 1 January to 31 December.

**R. Events after the reporting date**

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Material events after the reporting date that are not adjusting events are disclosed in the Note 34.

**40. Going concern**

The financial statements of the Company are prepared on a going concern basis. As per management's assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon Company's ability to continue as a going concern.

**41. Covid-19 impact to the business**

Due to Coronavirus pandemic, the Health and Hygiene products saw a sudden increase in demand albeit temporary, but the management of the Company do believe that this pandemic will increase personal and home hygiene awareness among the consumers.

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

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; the Company has not early adopted the new or amended standards in preparing these financial statements. However, this has no financial impact on the financial position of the Company during the year.

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

- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1).*

