

Independent Auditor's Report

and Financial Statements

Reckitt Benckiser (Bangladesh) PLC

As at and for the year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT
To the shareholders of Reckitt Benckiser (Bangladesh) PLC

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

For each matter below our description of how our audit addressed the matter is provided in that context.

1. Revenue recognition See note 2.8 (B) and 15 to the financial statements	
Description of key audit matters	How the matters were 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 customers at the shipping point and control has passed.</p> <p>During the year ended December 31, 2021 the Company has recognised sales of BDT 4,942 million (net). The sales of the Company are derived from a large number of distributors which locate over the country with relatively small</p>	<p>Our audit procedures included the following:</p> <p>1) We read the Company's revenue recognition policy and assessed its compliance in terms of IFRS 15 'Revenue from contracts with customers'.</p> <p>2) We understood, evaluated and validated the key controls related to the Company's sales process and tested the operating effectiveness of key controls over sales.</p> <p>3) We performed substantive testing on revenue recorded throughout the year using sampling techniques to ensure appropriateness of recording revenue by examining the relevant supporting documents including sales invoices, VAT Challans</p>

amount of transactions. As a result, to obtain sufficient audit evidence, magnitude audit work and resources are required.

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 off 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.

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.

Considering the above factors and the risk associated with revenue recognition, we have determined the same to be a key audit matter.

and truck challans. We also confirmed certain customers' receivable balance at the statement of financial position date, selected on sample basis by considering the amounts outstanding with those customers.

4) We have assessed the completeness and occurrence of trade spend by obtaining supporting documentation or calculation and reviewing the underlying assumptions of estimates approval of same by the management.

5) We selected samples of sales transactions made pre and post year end, agreed the date of transfer of control for the selected sample by testing underlying documents and

6) We have tested sales return transactions recorded throughout the year using sampling techniques to ensure the appropriateness of recording sales return by examining the related supporting documents.

2. Existence and valuation of inventories

See note 2.8(G) and 5 to the financial statements

Description of key audit matters	How the matters were addressed in our audit
<p>Inventories represent about 19%, of the total assets of the Company, inventories are thus a material item to the financial statements.</p> <p>Inventories are valued at the lower of cost or net realisable values. As such, management is required to make judgements in determining whether inventories are being appropriately valued, and also need to make provision for aged inventories, if required.</p> <p>Due to the value and volume of inventories being held by the company at the reporting date and the complexities involved in the accounting and presentation thereof, Inventories has been considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 1) We read the Company's revenue recognition policy and assessed its compliance in terms of IAS 2 'Inventories'. 2) We understood, evaluated and validated the key controls related to the Company's inventory process and tested the operating effectiveness of key controls over inventories. 3) We observed the process of management's year-end inventory count and perform test counts. 4) We verified a sample of inventory items to ensure that costs have been appropriately recorded. 5) We tested on a sample basis the net realisable value by comparing costs to recent selling prices and assessed the reasonableness of any resulting write down of inventory items.

	<p>6) We assessed whether appropriate provisions have been recognised for aged, damaged, slow moving or obsolete inventories by reviewing the age of inventories held and evaluating management's basis for determining the usability of inventories.</p> <p>7) We performed cut-off tests to determine that the purchases and sales of the inventories have been captured in the correct accounting period.</p>
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Other Matter

The financial statements of the Company for the year ended 31 December 2020 were audited by another auditor who expressed an unqualified opinion on those statements on 29 April 2021.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

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

A. Qasem & Co.
Chartered Accountants
RJSC Registration No.: 2-PC7202



Mohammad Motaleb Hossain FCA
Partner
Enrolment Number: 0950

DVC: 2203100950AS637686

Dhaka, 10 March 2022

Reckitt Benckiser (Bangladesh) PLC
Statement of financial position

<i>In Taka</i>	<i>Note</i>	31 December 2021	31 December 2020
Assets			
Property, plant and equipment	3	571,184,280	548,078,985
Right-of-use assets (ROU)	4(A)(i)	155,426,295	177,140,448
Deferred tax assets	22(D)	10,885,455	28,760,056
Non-current assets		737,496,030	753,979,489
Inventories	5	584,823,587	621,618,191
Trade and other receivables	6	69,006,591	25,500,945
Advances, deposits and prepayments	7	45,647,488	75,987,319
Cash and cash equivalents	8	1,629,066,314	1,789,083,592
Current assets		2,328,543,980	2,512,190,047
Total assets		3,066,040,010	3,266,169,536
Equity			
Share capital	9	47,250,000	47,250,000
Retained earnings		900,806,113	760,469,848
Total equity		948,056,113	807,719,848
Liabilities			
Employee benefits	10	70,417,764	171,350,000
Lease liabilities	4(A)(ii)	153,549,066	149,323,393
Non-current liabilities		223,966,830	320,673,393
Trade and other payables	11	1,665,931,472	1,859,728,536
Employee benefits	10	27,760,000	31,460,000
Lease liabilities	4(A)(ii)	10,086,980	18,213,814
Current tax liabilities	12	187,205,959	219,565,704
Unclaimed dividend	13	3,032,656	8,808,241
Current liabilities		1,894,017,067	2,137,776,295
Total liabilities		2,117,983,897	2,458,449,688
Total equity and liabilities		3,066,040,010	3,266,169,536


The annexed notes are an integral part of these financial statements.

As per our report of same date.

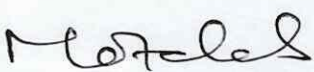
A. Qasem & Co.
Chartered Accountants
RJSC Registration No.: 2-PC7202



Afreen Huda
Director



Tanmay Gupta
Director & Chief Financial Officer



Mohammad Motaleb Hossain FCA
Partner
Enrolment Number: 0950



Vishal Gupta
Managing Director



Md. Nazmul Arefin
Company Secretary

DVC: 2203100950AS637686

Dhaka, 10 March 2022



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

For the year ended 31 December			
	Note	2021	2020
<i>In Taka</i>			
Revenue	15	4,942,046,045	5,333,883,576
Cost of sales	16	(2,244,863,313)	(2,317,707,737)
Gross profit		2,697,182,732	3,016,175,839
Other income	17	2,492,240	562,867
Operating expenses	18	(1,546,376,638)	(1,934,646,047)
Impairment (loss)/gain reversal on trade receivables	6(A)(i)	(47,422)	112,604
Operating profit		1,153,250,912	1,082,205,263
Finance income	19	14,490,193	60,607,204
Finance costs	20	(11,164,549)	(11,078,255)
Profit before contribution to WPPF		1,156,576,556	1,131,734,212
Contribution to WPPF	21	(55,075,074)	(53,892,105)
Profit before tax		1,101,501,482	1,077,842,107
Income tax expense	22(A)	(293,379,967)	(338,954,483)
Profit for the year		808,121,515	738,887,624
Other comprehensive income			
Remeasurement of defined benefit liability	10(A)	(8,110,000)	(19,342,960)
Related tax	22(D)	1,824,750	4,835,740
Other comprehensive income/(loss) for the year, net of tax		(6,285,250)	(14,507,220)
Total comprehensive income for the year		801,836,265	724,380,404
Earnings per share			
Basic earnings per share (Taka)	23(A)	171.03	156.38

The annexed notes are an integral part of these financial statements.

As per our report of same date.

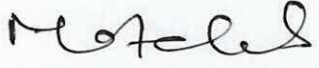
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Vishal Gupta
Managing Director



Md. Nazmul Arefin
Company Secretary

DVC: 2203100950AS637686

Dhaka, 10 March 2022



Reckitt Benckiser (Bangladesh) PLC
Statement of changes in equity

For the year ended 31 December 2021

<i>In Taka</i>	<i>Note</i>	Share capital	Retained earnings	Total
Balance at 1 January 2020		47,250,000	626,714,444	673,964,444
Total comprehensive income for the year				
Profit for the year 2020		-	738,887,624	738,887,624
Other comprehensive income/(loss) for the year		-	(14,507,220)	(14,507,220)
Total comprehensive income for the year		-	724,380,404	724,380,404
Transactions with owners of the Company				
Contributions and distributions				
Final dividend for the year 2019	9(C)	-	(590,625,000)	(590,625,000)
Total transactions with owners of the Company		-	(590,625,000)	(590,625,000)
Balance at 31 December 2020		47,250,000	760,469,848	807,719,848
Balance at 1 January 2021		47,250,000	760,469,848	807,719,848
Total comprehensive income for the year				
Profit for the year 2021		-	808,121,515	808,121,515
Other comprehensive income/(loss) for the year		-	(6,285,250)	(6,285,250)
Total comprehensive income for the year		-	801,836,265	801,836,265
Transactions with owners of the Company				
Contributions and distributions				
Final dividend for the year 2020	9(C)	-	(661,500,000)	(661,500,000)
Total transactions with owners of the Company		-	(661,500,000)	(661,500,000)
Balance at 31 December 2021		47,250,000	900,806,113	948,056,113

The annexed notes are an integral part of these financial statements.



Reckitt Benckiser (Bangladesh) PLC
Statement of cash flows

For the year ended 31 December			
<i>In Taka</i>	<i>Note</i>	2021	2020
Cash flows from operating activities			
Receipts from customers		5,480,460,199	6,120,066,351
Payment to suppliers, employees and others		(4,349,857,089)	(4,273,960,318)
Payment for technical services fee/royalty	11(B)(ii)	(187,182,000)	(162,520,000)
Cash generated from operating activities		943,421,110	1,683,586,033
Income tax paid	12	(306,040,361)	(310,629,004)
Net cash from operating activities	28	637,380,749	1,372,957,029
Cash flows from investing activities			
Acquisition of property, plant and equipment		(114,391,180)	(369,508,240)
Proceeds from sale of property, plant and equipment		2,217,767	-
Income from investment during the year		15,191,776	61,552,065
Net cash used in investing activities		(96,981,637)	(307,956,175)
Cash flows from financing activities			
Dividends paid	13(C)	(669,287,754)	(590,781,603)
Payment of lease liabilities	4(i)	(31,128,636)	(26,428,795)
Net cash used in financing activities		(700,416,390)	(617,210,398)
Net increase in cash and cash equivalents		(160,017,278)	447,790,456
Cash and cash equivalents at 1 January		1,789,083,592	1,341,293,136
Effect of in exchange rates on cash held		-	-
Cash and cash equivalents at 31 December		1,629,066,314	1,789,083,592

The annexed notes are an integral part of these financial statements.



Reckitt Benckiser (Bangladesh) PLC

Notes to the financial statements

1. Reporting entity

Reckitt Benckiser (Bangladesh) PLC ("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. In 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.

Reckitt Benckiser (Bangladesh) Limited had applied for name change to Registrar of Joint Stock Companies and Firms (RJSC) according to section Ka of 11Ka of Companies Act, 1994 after the promulgation of Companies (Second Amendment) Act 2020 from Reckitt Benckiser (Bangladesh) Limited to Reckitt Benckiser (Bangladesh) PLC. As such on 29th September 2021 the application has been granted by RJSC and the Company is now incorporated as Reckitt Benckiser (Bangladesh) PLC.

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. Basis of preparation and significant accounting policies

2.1 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.

2.2 Components of the financial statements

The financial statements comprise of the following:

- i. Statement of Financial Position, as at 31 December 2021
- ii. Statement of Profit and Loss and Other Comprehensive Income, for the year ended 31 December 2021
- iii. Statement of changes in equity, for the year ended 31 December 2021
- iv. Statement of cash flows, for the year ended 31 December 2021
- v. Notes to the financial statements



Notes to the financial statements (continued)

2.3 Date of authorisation

This financial statements is authorised for issue by the Company's board of directors on 10 March 2022.

2.4 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.

2.5 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:

- Lease term: whether the Company is reasonably certain to exercise extension options.
- Provision for inventory obsolescence and impairment loss reversal on trade receivable
- Gratuity
- Useful life of depreciable assets

B. Assumptions and estimation uncertainties

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

- Note 14 and Note 24 – revenue recognition: estimate of expected returns;
- Note 10 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 22(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 05 – provision for inventory obsolescence;
- Note 12 – current tax liabilities; and
- Note 2.8 (H) – useful life of property, plant and equipment.
- Note 6 (A)- Impairment loss/gain on trade receivable .

2.6 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 2.8(C).

2.7 Going concern

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



Notes to the financial statements (continued)

2.8 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.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

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.

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 a funded gratuity scheme which has been approved by the National Board of Revenue as a recognized gratuity fund with effect from 04 April 2021. Employee are entitled to gratuity benefit after completion of five years of service with the company. The company expense related to gratuity is estimated on a yearly basis and the amount is transferred to the fund and charge to expense of the company.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

C. Employee benefits (continued)

iii. Defined benefit plans (gratuity) (continued)

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 recognized immediately in the retained earnings through an account known as the Other Comprehensive Income and 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 recognized 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 22.5% 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.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

E. Income tax (continued)

ii. Deferred tax (continued)

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.

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 recognized 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.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

H. Property, plant and equipment (continued)

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:

Particulars of Property, plant and equipment	Estimated Useful Life
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	4-5 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 capitalized. 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.

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.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

J. Financial instruments (continued)

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)

- 2.8 Significant accounting policies (continued)
J. Financial instruments (continued)
ii. Classification and subsequent measurement (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.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

J. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

(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.

(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.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

K. Impairment (continued)

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

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.

i. As a lessee

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

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

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

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

Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

M. Leases (continued)

i. As a lessee (continued)

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

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

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

ii. 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.

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 23.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

P. Related party disclosure

As per International Accounting Standard (IAS) 24: "Related Party Disclosures", parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related disclosures have been provided in note 25.

Q. 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.

R. Reporting period

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

S. 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 35.



Notes to the financial statements (continued)

2.9 Status of Compliance to Accounting Standards

The following accounting standards have been applied in preparing this financial statements

Standard Title	Standard No.	Status
Presentation of Financial Statements	IAS 1	Applied
Inventories	IAS 2	Applied
Statement of Cash Flows	IAS 7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8	Applied
Events after the Reporting Period	IAS 10	Applied
Income Taxes	IAS 12	Applied
Property, Plant, and Equipment	IAS 16	Applied
Employee Benefits	IAS 19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS 20	Not applicable
The Effects of Changes in Foreign Exchange Rates	IAS 21	Applied
Borrowing Costs	IAS 23	Not applicable
Related Party Disclosures	IAS 24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS 26	Not applicable
Separate Financial Statements	IAS 27	Not applicable
Investments in Associates and Joint Ventures	IAS 28	Not applicable
Financial Reporting in Hyperinflationary Economies	IAS 29	Not applicable
Earnings per Share	IAS 33	Applied
Interim Financial Reporting	IAS 34	Applied
Impairment of Assets	IAS 36	Applied
Provisions, Contingent Liabilities, and Contingent Assets	IAS 37	Applied
Intangible Assets	IAS 38	Not applicable
Investment Property	IAS 40	Not applicable
Agriculture	IAS 41	Not applicable
Share-based Payment	IFRS 2	Not applicable
Business Combinations	IFRS 3	Not applicable
Insurance Contracts	IFRS 4	Not applicable
Non-current Assets Held for Sale and Discontinue Operations	IFRS 5	Not applicable
Exploration and Evaluation of Mineral Resources	IFRS 6	Not applicable
Financial Instruments: Disclosures	IFRS 7	Applied
Operating Segments	IFRS 8	Applied
Financial Instruments	IFRS 9	Applied
Consolidated Financial Statements	IFRS 10	Not applicable
Joint Arrangements	IFRS 11	Not applicable
Disclosure of Interests in Other Entities	IFRS 12	Not applicable
Fair Value Measurement	IFRS 13	Applied
Revenue from Contracts with Customers	IFRS 15	Applied
Leases	IFRS 16	Applied



Notes to the financial statements (continued)

3. Property, plant and equipment
See accounting policy in Note 2.8(H)

In Taka	2021	2020
i. Cost		
Balance at 1 January	996,078,866	937,097,432
Additions	230,666,849	183,459,634
Transfers/capitalised	(100,790,102)	-
Disposal/adjustment	(7,182,238)	(124,478,200)
Balance at 31 December	1,118,773,375	996,078,866
ii. Accumulated depreciation		
Balance at 1 January	447,999,881	466,210,813
Depreciation for the year	106,765,392	96,400,087
Impairment Loss	3,030	9,867,180
Disposal/adjustment	(7,179,208)	(124,478,199)
Balance at 31 December	547,589,095	447,999,881
Carrying amounts (i-ii)	571,184,280	548,078,985

A Reconciliation of carrying amounts is provided in the following note.



Notes to the financial statements (continued)

3. Property, plant and equipment (continued)

A. Reconciliation of carrying amount

<i>In Taka</i>	Leasehold land	Buildings	Plant and machinery	Furniture fixtures and equipment	Computers	Vehicles	Under construction	Total
Cost								
Balance at 1 January 2020	209,490	306,940,785	349,797,941	157,826,900	40,767,966	56,766,941	24,787,409	937,097,432
Additions	-	-	-	1,160,250	14,035,634	-	168,263,750	183,459,634
Transfers/capitalised	-	15,922,662	17,159,041	80,719,077	149,200	-	(113,949,980)	-
Disposal/adjustment	-	(53,365,548)	(21,655,869)	(29,894,374)	(19,562,409)	-	-	(124,478,200)
Balance at 31 December 2020	209,490	269,497,899	345,301,113	209,811,853	35,390,391	56,766,941	79,101,179	996,078,866
Balance at 1 January 2021	209,490	269,497,899	345,301,113	209,811,853	35,390,391	56,766,941	79,101,179	996,078,866
Additions	-	16,914,660	47,326,055	35,967,642	6,822,632	5,409,508	118,226,352	230,666,849
Transfers/capitalised	-	-	-	-	-	-	(100,790,102)	(100,790,102)
Disposal/adjustment	-	-	(1,165,493)	(558,567)	(312,801)	(5,145,377)	-	(7,182,238)
Balance at 31 December 2021	209,490	286,412,559	391,461,675	245,220,928	41,900,222	57,031,072	96,537,429	1,118,773,375
Accumulated depreciation								
Balance at 1 January 2020	209,490	145,535,958	142,297,061	94,186,332	33,498,788	50,483,184	-	466,210,813
Depreciation for the year	-	20,544,936	41,615,139	23,944,770	6,064,820	4,230,422	-	96,400,087
Impairment Loss	-	2,794,653	61	4,647,232	397,085	2,028,149	-	9,867,180
Disposal/adjustment	-	(53,365,548)	(21,655,869)	(29,894,374)	(19,562,408)	-	-	(124,478,199)
Balance at 31 December 2020	209,490	115,509,999	162,256,392	92,883,960	20,398,285	56,741,755	-	447,999,881
Balance at 1 January 2021	209,490	115,509,999	162,256,392	92,883,960	20,398,285	56,741,755	-	447,999,881
Depreciation for the year	-	20,370,906	45,137,730	32,207,075	8,236,070	813,611	-	106,765,392
Impairment Loss	-	-	6	14	10	3,000	-	3,030
Disposal/adjustment	-	-	(1,165,487)	(558,553)	(312,791)	(5,142,377)	-	(7,179,208)
Balance at 31 December 2021	209,490	135,880,905	206,228,641	124,532,496	28,321,574	52,415,989	-	547,589,095
Carrying amounts								
At 31 December 2020	-	153,987,900	183,044,721	116,927,893	14,992,106	25,186	79,101,179	548,078,985
At 31 December 2021	-	150,531,654	185,233,034	120,688,432	13,578,648	4,615,083	96,537,429	571,184,280

B. Allocation of depreciation and impairment losses

<i>In Taka</i>	2021			Total
	Depreciation on RoU Assets	Impairment on PPE	Depreciation on PPE	
Cost of sales	3,152,212	6	94,487,199	86,418,216
Selling and distribution expenses	21,427,081	24	1,513,422	22,940,527
Administrative expenses	15,707,176	3,000	10,764,771	26,474,947
	40,286,469	3,030	106,765,392	147,054,891



Notes to the financial statements (continued)

3. Property, plant and equipment (continued)

C. Under construction

See accounting policy in Note 2.8(l)

<i>In Taka</i>	Furniture fixtures and equipment	Buildings	Plant and machinery	Computers	Total
Cost					
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)
Balance at 31 December 2020	26,708,112	45,332	52,347,735	-	79,101,179
Balance at 1 January 2021	26,708,112	45,332	52,347,735	-	79,101,179
Additions	23,368,629	24,176,496	70,681,227		118,226,352
Transfers/capitalised	(35,967,642)	(17,496,405)	(47,326,055)		(100,790,102)
Balance at 31 December 2021	14,109,099	6,725,423	75,702,907	-	96,537,429

4. Leases

See accounting policy in Note 2.8(M)

A. Leases as lessee (IFRS 16)

The Company leases distribution centers and head-office. The leases for distribution centers run for a period of 2 - 3 years and head office for a period of 10 years, with an option to renew the lease after that date.

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 (ROU)

<i>In Taka</i>	2021	2020
Balance at 1 January	225,024,630	64,785,711
Accumulated Depreciation	(88,170,651)	(47,884,182)
Additions to right-of-use assets	18,572,315	179,889,323
Set off	-	(19,650,404)
Balance at 31 December	155,426,295	177,140,448



Notes to the financial statements (continued)

4. Leases (continued)
A. Leases as lessee (IFRS 16) (continued)
i. Right-of-use assets (ROU) (continued)

Reconciliation of carrying amount

<i>In Taka</i>	Corporate	Depot	Other	Total
Cost				
Balance at 1 January 2020	19,650,404	45,135,307	-	64,785,711
Additions	169,873,170	5,661,324	4,354,829	179,889,323
Disposal/adjustment	(19,650,404)	-	-	(19,650,404)
Balance at 31 December 2020	169,873,170	50,796,631	4,354,829	225,024,630
Balance at 1 January 2021	169,873,170	50,796,631	4,354,829	225,024,630
Additions	-	17,889,428	682,887	18,572,315
Balance at 31 December 2021	169,873,170	68,686,059	5,037,716	243,596,945
Accumulated depreciation				
Balance at 1 January 2020	10,718,402	15,609,583	-	26,327,985
Depreciation for the year	23,610,509	16,317,248	385,645	40,313,401
Disposal/adjustment	(18,757,204)	-	-	(18,757,204)
Balance at 31 December 2020	15,571,707	31,926,831	385,645	47,884,182
Balance at 1 January 2021	15,571,707	31,926,831	385,644	47,884,182
Depreciation for the year	18,870,361	19,981,944	1,434,164	40,286,469
Balance at 31 December 2021	34,442,068	51,908,775	1,819,808	88,170,651

Carrying amounts

At 31 December 2020	154,301,463	18,869,801	3,969,184	177,140,448
At 31 December 2021	135,431,102	16,777,285	3,217,908	155,426,295

ii. Lease Liability

<i>In Taka</i>	2021	2020
Current portion of lease liabilities	10,086,980	18,213,814
Non-current portion of lease liabilities	153,549,066	149,323,393
	163,636,046	167,537,207

iii. Amounts recognised in profit or loss

<i>In Taka</i>	2021	2020
Leases under IFRS 16		
Interest on lease liabilities	11,164,549	11,078,255
	11,164,549	11,078,255

Notes to the financial statements (continued)

4. Leases (continued)

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

iv. Amounts recognised in statement of cash flows

<i>In Taka</i>	2021	2020
Total cash outflow for leases	31,128,636	26,428,795

v. 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.

5. Inventories

See accounting policy in Note 2.8(G)

<i>In Taka</i>	<i>Note</i>	2021	2020
Raw and packing materials	5.(A)	274,310,109	331,277,844
Provision for inventory obsolescence		(1,679,244)	(23,407,371)
Net raw and packing materials		272,630,865	307,870,473
Finished goods	5.(B)	285,657,047	290,370,931
Provision for inventory obsolescence		(7,302,093)	(9,367)
Net finished goods		278,354,954	290,361,564
Work-in-progress		1,207,236	2,181,380
Inventory in transit	5.(C)	32,630,532	21,204,774
		33,837,768	23,386,154
		584,823,587	621,618,191

A. Raw and packing materials

Raw materials	214,627,862	284,024,861
Packing materials	59,682,247	47,252,983
	274,310,109	331,277,844

B. Finished goods

i. Operational allocation of finished goods

Manufacturing unit	186,293,149	190,603,013
Trading unit	92,061,805	99,758,551
	278,354,954	290,361,564



Notes to the financial statements (continued)

5. Inventories (continued)
B. Finished goods (continued)

ii. Business line-wise allocation of finished goods

Business line	Unit of measurement	2021		2020	
		Quantity Unit	Amount Taka	Quantity Unit	Amount Taka
Household and toiletries	Metric Ton	647	171,124,422	629	220,774,982
	Thousand Litre	707	75,947,034	483	52,373,860
	Million No.	6	2,050,926	5.95	2,105,786
			249,122,382		275,254,628
Pharmaceuticals	Thousand Litre	106	29,232,572	54	15,106,936
	Million No.				
			29,232,572		15,106,936
			278,354,954		290,361,564

C. Inventory in transit

<i>In Taka</i>	2021	2020
Raw and packing materials	16,649,677	7,962,617
Finished goods	15,980,855	13,242,157
	32,630,532	21,204,774

6. Trade and other receivables

<i>In Taka</i>	Note	2021	2020
Trade receivables	6(A)	67,710,035	22,963,472
Other receivables	6(B)	1,296,556	2,537,473
		69,006,591	25,500,945

A. Trade receivables

Trade receivables		67,935,733	23,141,748
Allowance for impairment of trade receivables	6(A)(i)	(225,698)	(178,276)
		67,710,035	22,963,472

i. Allowance for impairment of trade receivables

Balance at 1 January	178,276	290,880
Provision/(Adjustment) made during the year	47,422	(112,604)
Balance at 31 December	225,698	178,276

B. Other receivables

Inter-company receivables	6(B)(i)	438,556	977,890
Interest receivables		858,000	1,559,583
		1,296,556	2,537,473

i. Inter-company receivables

Reckitt Benckiser Corporate Services Limited, UK	438,556	977,890
	438,556	977,890



Notes to the financial statements (continued)**7. Advances, deposits and prepayments**

<i>In Taka</i>	2021	2020
Advances		
Advance to suppliers	4,775,606	22,861,083
Advance to employees	1,976,763	5,398,297
	6,752,369	28,259,380
Deposits		
Security deposit	8,187,269	8,682,269
	8,187,269	8,682,269
Prepayments		
Prepaid insurance	2,412,216	2,519,351
Prepaid others	-	1,387,644
Prepaid government fees	2,587,856	10,346,347
Prepaid rent*	25,707,778	24,792,328
	30,707,850	39,045,670
	45,647,488	75,987,319

* Prior year balances of "Advance from customers" and "Prepaid rent" have been restated by Taka 22,117,500 to rectify the prior year error as per IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

8. Cash and cash equivalents

<i>In Taka</i>	<i>Note</i>	2021	2020
Cash in hand		50,000	106,000
Cash at bank	8(A)	1,629,016,314	1,788,977,592
		1,629,066,314	1,789,083,592

A. Cash at bank

Hong Kong and Shanghai Banking Corporation Limited	57,920,847	32,427,369
Standard Chartered Bank	221,095,467	256,550,223
Short term deposits*	1,350,000,000	1,500,000,000
	1,629,016,314	1,788,977,592

*As at 31 December 2021, the company had four short term deposits with HSBC with maturity of less than three months.



Notes to the financial statements (continued)

9. Share capital

See accounting policy in Note 2.8(F)

<i>In Taka</i>	2021	2020
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
In issue at 31 December - fully paid	47,250,000	47,250,000
Authorised		
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 2021		At 31 December 2020	
		Face value Taka	Percentage of holding %	Face value Taka	Percentage of holding %
Parent company					
Reckitt Benckiser Limited, UK	3,919,918	39,199,180	82.96	39,199,180	82.96
Bangladeshi shareholders:					
ICB Unit Fund	3,870	38,700	0.08	37,000	0.08
Investment Corporation of Bangladesh (ICB)	15,774	157,740	0.33	157,740	0.33
ICB Mutual Funds	50	500	0.00	2,300	0.00
Individuals	291,533	2,915,330	6.18	3,046,040	6.45
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	236,457	2,364,570	5.01	2,233,760	4.73
	4,725,000	47,250,000	100.00	47,250,000	100.00

B. Classification of shareholders by holdings

<i>Holdings</i>	At 31 December 2021		At 31 December 2020	
	Number of holders	Percentage of holdings	Number of holders	Percentage of holdings
Less than 500 shares	1,881	1.96	1,748	2.24
500 to 5,000 shares	85	2.43	109	3.13
5,001 to 10,000 shares	4	0.57	3	0.43
10,001 to 20,000 shares	6	1.97	5	1.68
20,001 to 30,000 shares	1	0.56	-	-
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
	1,982	100.00	1,870	100.00

C. Dividends

Dividend paid

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

<i>In Taka</i>	2021	2020
BDT 140 per qualifying ordinary share (2020: BDT 125)	661,500,000	590,625,000
	661,500,000	590,625,000

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 no tax consequences. See Note 35.

<i>In Taka</i>	2021	2020
BDT 165 per qualifying ordinary share (2020: BDT 140)	779,625,000	661,500,000
	779,625,000	661,500,000



Notes to the financial statements (continued)

10. Employee benefits

See accounting policy in Note 2.8(C)

The Company introduced planned asset in the defined benefit scheme during 2021. Gratuity fund is administered by a Board of Trustees and Company contributions are invested separately from company assets. The Company is contributing to the fund as prescribed by actuarial valuation report.

<i>In Taka</i>	2021	2020
Fair value of plan assets	134,123,713	-
Defined benefit obligation	(232,301,477)	(202,810,000)
Net Defined benefit obligation	(98,177,764)	(202,810,000)

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	
	2021	2020	2021	2020	2021	2020
Balance at 1 January	202,810,000	147,637,475	-	-	202,810,000	147,637,475
Included in profit or loss						
Current service cost	28,440,000	25,540,000	-	-	28,440,000	25,540,000
Past service costs	-	-	-	-	-	-
Interest cost/(income)	19,030,000	13,270,000	4,450,000	-	14,580,000	13,270,000
	47,470,000	38,810,000	4,450,000	-	43,020,000	38,810,000
Included in OCI						
Actuarial (gain)/loss arising from:						
Return on plan assets	-	-	(4,320,000)	-	4,320,000	-
Financial assumption	-	-	-	-	-	-
Experience adjustment	3,790,000	19,342,960	-	-	3,790,000	19,342,960
	3,790,000	58,152,960	(4,320,000)	-	8,110,000	19,342,960
Other						
Contribution paid by the employer			150,100,000		(150,100,000)	
Benefits paid	(21,768,523)	(2,980,435)	(16,106,287)	-	(5,662,236)	(2,980,435)
	(21,768,523)	(2,980,435)	133,993,713	-	(155,762,236)	(2,980,435)
Balance at 31 December	232,301,477	202,810,000	134,123,713	-	98,177,764	202,810,000
<i>In Taka</i>					2021	2020
Current portion					27,760,000	31,460,000
Non Current portion					70,417,764	171,350,000
					98,177,764	202,810,000

B. Fair Value of Plan Asset

Plan asset is comprised of the following

	2021	2020
Cash and Cash Equivalents	133,993,713	-
Debt Instrument	130,000	-
Total	134,123,713	-



Notes to the financial statements (continued)

10. Employee benefits (continued)

C. Actuarial assumptions

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

	2021	2020
Financial assumptions:		
Discount rate	7.40%	7.40%
Salary escalation rate	8.50%	8.50%
Demographic assumptions:		
Withdrawal rate	20%- 10%	20%- 10%

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.

D. 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 2021		31 December 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	15,340,000	(13,700,000)	12,970,000	(11,560,000)
Future salary growth (1% movement)	15,040,000	(13,690,000)	12,730,000	(11,560,000)

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.

E. Significant characteristics of plan

Plan sponsor	: Reckitt Benckiser (Bangladesh) PLC
Nature of benefits	: Final salary defined benefit plan
Risks associated with the plan	: Plan sponsor bears all the risks associated with the plan
Vesting criteria	: 5 years; not applicable in case of death or disability, while in service; more than 6 months service is considered as a complete year of service
Applicable salary	: Last drawn monthly basic salary
Maximum limit of benefit paid	: No upper limit on benefit
Basis of gratuity	: Accrued benefit
Normal retirement age	: 60 years
Benefit calculation	
Service up to ten years	: 1 x Salary x (Number of completed years of service)
Service beyond ten years	: 1.50 x Salary x (Number of completed years of service)



Notes to the financial statements (continued)

11. Trade and other payables

<i>In Taka</i>	<i>Note</i>	2021	2020
Trade payables	11(A)	232,354,722	159,302,463
Other payables	11(B)	1,433,576,750	1,700,426,073
		1,665,931,472	1,859,728,536

A. Trade payables

Inter-company trade payables	11(A)(i)	33,804,717	28,643,135
Third party trade payables		198,550,005	130,659,328
		232,354,722	159,302,463

i. Inter-company trade payables

Reckitt Benckiser (India) Ltd.		32,059,138	28,643,135
Reckitt Benckiser Chartres, France		1,745,579	-
		33,804,717	28,643,135

B. Other payables

Third party other payables	11(B)(i)	856,253,344	1,169,548,898
Inter-company other payables	11(B)(ii)	577,323,406	530,877,175
		1,433,576,750	1,700,426,073

i. Third party other payables

Payable for employee remuneration and other expenses		718,684,593	945,452,091
Advance from customers*		30,451,717	84,918,298
Advance from third parties		1,099,996	1,099,996
Withholding tax and VAT payables		47,521,935	57,419,422
Worker's profit participation fund	11(B)(i)(a)	11,961,390	53,892,105
Payable for capital expenditure		4,571,020	4,793,729
Return provision		41,962,693	21,973,257
		856,253,344	1,169,548,898

* Prior year balances of "Advance from customers" and "Prepaid rent" have been restated by Taka 22,117,500 to rectify the prior year error as per IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

a. Worker's profit participation fund

<i>In taka</i>	2021	2020
Opening payable	53,892,105	43,978,147
Charge for the year	55,075,074	53,892,105
Payment during the year	(97,005,789)	(43,978,147)
Closing payable	11,961,390	53,892,105



Notes to the financial statements (continued)

11. Trade and other payables (continued)

B. Other payables (continued)

ii. Inter-company other payables

<i>In Taka</i>	<i>Note</i>	2021	2020
Payable for technical services fees			
Reckitt and Colman (Overseas) Limited, UK	11(B)(ii)(a)	-	-
		-	-
Payable for royalties			
Reckitt Benckiser Health Limited, UK	11(B)(ii)(b)	402,929,750	372,183,839
Reckitt Benckiser (ENA) B.V., Netherlands	11(B)(ii)(c)	174,393,657	158,693,336
		577,323,406	530,877,175
		577,323,406	530,877,175

a. Payable for technical services fees

Balance at 1 January		-	194,651,230
Charge for the year		-	-
Write back of unapproved portion of technical services fees		-	(32,131,230)
Net charge for the year		-	(32,131,230)
Paid during the year	23(B)(ii)(a)(a.1)	-	(162,520,000)
Balance at 31 December		-	-

a.1. Paid during the year

<i>In Taka</i>	2021	2020
Paid to Reckitt and Colman (Overseas) Limited, UK	-	(113,057,391)
VAT on technical services fee	-	(21,198,261)
AIT on technical services fee	-	(28,264,348)
	-	(162,520,000)

b. Payable for royalties - Reckitt Benckiser Health Limited, UK

Balance at 1 January	372,183,839	157,067,055
Charge for the year	187,812,966	215,116,784
	559,996,805	372,183,839
Paid to Reckitt Benckiser Health Limited, UK	(95,343,200)	-
Write back of unapproved portion of royalty	(37,888,055)	-
AIT on royalty	(23,835,800)	-
Balance at 31 December	402,929,750	372,183,839

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

Balance at 1 January	158,693,336	73,005,626
Charge for the year	88,705,955	85,687,710
	247,399,291	158,693,336
Paid to Reckitt Benckiser (ENA) B.V., Netherlands	(54,402,400)	-
Write back of unapproved portion of royalty	(5,002,634)	-
AIT on royalty	(13,600,600)	-
Balance at 31 December	174,393,657	158,693,336

Notes to the financial statements (continued)

12. Current tax liabilities

<i>In Taka</i>	<i>Note</i>	2021	2020
Balance at 1 January		219,565,704	179,941,392
Provision made during the year	22(A)	273,680,616	350,253,316
		493,246,320	530,194,708
Payment made under sections 64 and 74		(253,078,465)	(241,385,538)
Withholding tax		(52,961,896)	(69,243,466)
Payment made during the year		(306,040,361)	(310,629,004)
Balance at 31 December		187,205,959	219,565,704

13. Unclaimed dividend

<i>In Taka</i>		2021	2020
Balance at 31 December	13(a)	3,032,656	8,808,241

A. Unclaimed dividend

<i>In taka</i>	2021	2020
Final 2019	1,849,181	-
Final 2018	1,158,378	1,288,564
Final 2017	4,378	842,642
2017 Interim	3,506	499,452
2016 Final	3,188	603,278
2016 1st Interim	3,400	610,678
2015 2nd Interim	1,275	244,798
2015 1st Interim	4,250	729,488
2014 Final	1,275	146,540
2014 2nd Interim	-	501,672
2014 1st Interim	2,475	1,347,632
2013 Final	-	1,007,832
2012 Final	1,350	427,853
2011 Final	-	232,752
2011 Interim	-	325,062
	3,032,656	8,808,241

B. Dividend paid during the year

<i>In taka</i>	2021	2020
Reckitt Benckiser Limited, UK	548,788,520	489,989,750
Foreign shareholders	548,788,520	489,989,750
ICB Unit Fund	541,800	1,806,500
Investment Corporation of Bangladesh (ICB)	2,208,360	1,971,750
Mutual Funds	1,360,800	1,267,125
Individuals	42,886,620	40,119,375
Government of Bangladesh	24,967,460	22,292,375
Sadharan Bima Corporation (SBC)	11,026,260	9,844,875
Institutions	29,720,180	23,333,250
Bangladeshi shareholders	112,711,480	100,635,250
Dividend declared and paid in the year	661,500,000	590,625,000



Notes to the financial statements (continued)

13. Unclaimed dividend (continued)

In taka 2021 2020

C. Payment during the year from unclaimed dividend

Capital Market stabilization fund 2011-2017	7,264,127	-
2019 Final	167,238	-
2018 Final	130,186	57,060
2017 Final	73,279	19,699
2017 Interim	39,738	8,182
2016 Final	19,125	11,156
2016 Interim	7,616	11,900
2015 2nd Interim	20,400	4,462
2015 Interim	4,250	6,376
2014 Final	-	2,975
2014 2nd Interim	16,720	5,206
2014 1st Interim	29,057	8,663
2013 Final	3,600	12,598
2012 Final	-	2,026
2011 Final	1,080	2,520
2011 Interim	11,340	3,780
	7,787,754	156,603
Payment during the year	669,287,754	590,781,603



Notes to the financial statements (continued)

14. Operating segments

A. Basis for segmentation

The Company has following two strategic divisions, which are its reportable segments. These divisions offer different products and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Household and toiletries	Manufacturing and trading of hygiene and home care products.
Pharmaceuticals	Manufacturing and Trading of health care products.

These two reportable segments are the strategic business units of the company and are managed separately based on the Company's management and internal reporting structure. For each of the strategic business units, the management committee reviews internal management report on at least a monthly basis. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Company's Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

B. Information about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

2021 <i>In Taka</i>	Reportable segments		
	Household and toiletries	Pharmaceuticals	Total
Revenue	4,739,397,307	202,648,738	4,942,046,045
Cost of sales	(2,152,812,630)	(92,050,684)	(2,244,863,313)
Gross profit	2,586,584,678	110,598,054	2,697,182,732
Operating expenses			
Administrative expenses	(260,849,750)	(11,153,501)	(272,003,251)
Marketing expenses	(671,622,372)	(28,717,454)	(700,339,826)
Selling and distribution expenses	(326,447,000)	(13,958,330)	(340,405,330)
Impairment loss reversal on trade receivables	(45,477)	(1,945)	(47,422)
	(1,258,964,599)	(53,831,230)	(1,312,795,829)
Profit from operation	1,327,620,079	56,766,824	1,384,386,903

2020 <i>In Taka</i>	Reportable segments		
	Household and toiletries	Pharmaceuticals	Total
Revenue	4,963,910,113	369,973,463	5,333,883,576
Cost of sales	(2,051,140,454)	(266,567,283)	(2,317,707,737)
Gross profit	2,912,769,659	103,406,180	3,016,175,839
Operating expenses			
Administrative expenses	(292,708,959)	(21,816,380)	(314,525,338)
Marketing expenses	(943,359,966)	(70,311,135)	(1,013,671,101)
Selling and distribution expenses	(314,347,208)	(23,429,136)	(337,776,344)
Impairment loss reversal on trade receivables	104,793	7,811	112,604
	(1,550,311,340)	(115,548,840)	(1,665,860,179)
Profit from operation	1,362,458,319	(12,142,660)	1,350,315,660



Notes to the financial statements (continued)

14. Operating segments (continued)

C. Reconciliation of information on reportable segments to IFRS measures

	Note	2021	2020
<i>In Taka</i>			
i. Revenues			
Total revenue for reportable segments	14(B)	4,942,046,045	5,333,883,576
Total revenue		4,942,046,045	5,333,883,576
ii. Profit before tax			
Total profit before tax for reportable segments	14(B)	1,384,386,903	1,350,315,660
Amount not related to reported segments	14(C)(iii)	(282,885,421)	(272,473,553)
Total profit before tax		1,101,501,482	1,077,842,107
iii. Amount not related to reportable segments			
Other income	17	2,492,240	562,867
Technical services fee	18	(233,628,231)	(268,673,264)
Finance income	19	14,490,193	60,607,204
Finance costs	20	(11,164,549)	(11,078,255)
Contribution to Workers' Profit Participation Fund	21	(55,075,074)	(53,892,105)
		(282,885,421)	(272,473,553)

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)

15. Revenue

See accounting policy in Note 2.8(B)

<i>In Taka</i>	<i>Note</i>	2021	2020
Revenue including VAT		5,770,725,431	6,225,964,696
VAT		(828,679,386)	(892,081,120)
	15(A)	4,942,046,045	5,333,883,576

A. Disaggregation of revenue

<i>In Taka</i>	Unit of measurement	2021		2020	
		Quantity	Amount	Quantity	Amount
Household and toiletries	Cases	2,763,490	4,739,397,307	2,732,456	4,963,910,114
Pharmaceuticals	Cases	152,369	202,648,738	237,251	369,973,463
		2,915,858	4,942,046,045	2,969,707	5,333,883,577

16. Cost of sales

<i>In Taka</i>	<i>Note</i>	2021	2020
Manufacturing unit			
Opening balance of raw and packing materials		307,870,473	173,423,635
Purchases during the year		1,551,950,835	1,755,306,464
Closing balance of raw and packing materials	5	(272,630,865)	(307,870,473)
Materials consumed		1,587,190,443	1,620,859,626
Salaries, wages and welfare expenses		243,263,854	263,376,179
Product testing and laboratory expenses		4,578,564	5,215,878
Exchange (gain)/loss		4,571,835	3,255,097
Travelling and conveyance		16,157,934	17,923,564
Power, fuel and utilities		21,890,306	30,210,161
Vehicle expenses		1,307,840	1,124,099
Repairs, maintenance and others		45,406,458	53,941,645
Rent, rates and taxes		5,377,412	5,342,282
Printing, stationery and office supplies		1,178,247	2,586,331
Insurance		4,434,794	2,643,805
Office expenses		4,402,610	4,428,416
Safety, health and environment		18,749,515	27,593,962
Staff recruitment, training and development expenses		2,793,400	3,106,212
Legal and professional charges		421,841	45,450
Communication		1,118,030	1,246,928
Depreciation	3(B)	97,639,417	86,418,216
Manufacturing overhead		473,292,057	508,458,225
Opening stock of work-in-progress		2,181,380	2,012,634
Closing stock of work-in-progress	5	(1,207,236)	(2,181,380)
		974,144	(168,746)
Cost of production		2,061,456,644	2,129,149,105
Opening stock of own manufactured finished goods		190,603,013	154,351,051
Closing stock of own manufactured finished goods	5(B)(i)	(186,293,149)	(190,603,013)
		4,309,865	(36,251,962)
Cost of sales - manufacturing unit		2,065,766,508	2,092,897,143
Trading unit			
Opening stock of finished goods		99,758,551	109,831,142
Purchase of finished goods	16(A)	171,400,059	214,738,003
Closing stock of finished goods	5(B)(i)	(92,061,805)	(99,758,551)
		179,096,805	224,810,594
Cost of sales - trading unit		179,096,805	224,810,594
Total cost of sales		2,244,863,313	2,317,707,737



Notes to the financial statements (continued)

16. 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	93.63	82,305,109	207	131,435,676	98	65,109,891	202.77	148,630,894
	Thousand Litre	18.10	15,347,656	70	31,826,398	38	22,496,530	49.81	24,677,524
	Million No.	-	-	1	4,884,459	0	2,404,458	0.40	2,480,001
Pharmaceuticals	Million No.	5.95	2,105,786	8	3,253,526	3	2,050,926	11.32	3,308,386
Total for the year 2021			99,758,551		171,400,059		92,061,805		179,096,805
Household and toiletries	Metric Ton	106.30	91,493,286	124.94	125,667,636	93.63	82,305,109	137.61	134,855,813
	Thousand Litre	2.67	1,471,699	117.33	84,202,934	18.10	15,347,656	101.90	70,326,977
Pharmaceuticals	Million No.	-	-	15.78	4,867,433	5.95	2,105,786	9.84	2,761,647
	Thousand Litre	45.95	16,866,157	-	-	-	-	45.95	16,866,157
Total for the year 2020			109,831,142		214,738,003		99,758,551		224,810,594



Notes to the financial statements (continued)

16. 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	2,362.59	263,409,772	11,600.30	1,003,401,656	1,164.78	213,323,208	12,798.10	1,053,488,220
Blow moulding and injection	Thousand Pcs	3,611.59	11,018,396	53,109.00	271,939,662	5,807.28	22,018,305	50,913.30	260,939,753
Boxes solid board and corrugated	Thousand Pcs	5,631.06	9,869,753	63,238.07	176,675,804	5,683.04	13,124,617	63,186.08	173,420,940
Others		13,594.27	23,572,552	77,051.47	99,933,713	13,258.18	24,164,735	77,387.57	99,341,530
Total for the year 2021			307,870,473		1,551,950,835		272,630,865		1,587,190,443
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	236,060,718	3,611.59	11,018,396	53,904.32	235,495,659
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	100,143,664	13,594.27	23,572,552	79,868.80	92,897,967
Total for the year 2020			173,423,635		1,755,306,464		307,870,473		1,620,859,628

C. Percentage of raw materials and packing materials consumed

In Taka	Note	2021		2020	
		%	Amount	%	Amount
Raw materials	16(D)	66%	1,053,488,220	67%	1,090,586,458
Packing materials	16(D)	34%	533,702,223	33%	530,273,170
		100%	1,587,190,443	100%	1,620,859,628
Local materials consumed		35%	552,795,408	33%	527,202,454
Imported materials consumed		65%	1,034,395,035	67%	1,093,657,174
		100%	1,587,190,443	100%	1,620,859,628



Notes to the financial statements (continued)

16. Cost of sales (continued)

D. Analysis of material consumed

<i>In Taka</i>	<i>Note</i>	2021	2020
Raw material			
soap noodles		589,286,841	581,783,760
Bis/2 hydroxy ethyl oleylamine		48,264,510	50,424,656
Pine oil 85%min bp		71,151,592	88,163,366
Pcmx		69,224,784	83,921,396
Hydrochloric acid		31,773,277	29,391,840
Snowfresh 228093 d		14,840,303	19,419,766
Frosty int - aad07282/00		3,590,030	12,278,231
Labsa		10,863,485	10,507,764
Color pigment yellow		5,259,546	5,880,624
Granular soday dyed		5,343,758	4,491,890
Galaxy mw 257		7,739,584	7,659,645
Cx-140		1,980,814	15,484,853
Texapon als is t		9,498,840	14,790,286
Isopropyl alcohol		14,623,792	15,528,875
Na lauryl ether		7,324,941	8,911,747
Castor oil		6,377,594	8,070,878
Perfume jasmina		610,815	697,356
Challenge 157708 b		3,362,654	2,876,618
Lemon grass oil		3,824,055	3,991,962
Dolomite bd for harpic total		8,842,134	8,234,868
Alkyl trimethyl amonium.chlord		40,696,023	34,568,598
Citrusgrove 14mpc rta-001863 1		9,664,236	7,303,850
Benzalkonium chloride soln.80%		9,090,486	8,328,446
Others		80,254,126	67,875,183
		1,053,488,220	1,090,586,458
Packing material			
Skillet		83,630,084	117,815,382
Outer and cartons		89,790,855	84,064,161
Plastic container		227,566,635	203,159,938
Label		44,045,261	43,470,876
Polybag /HDPE		32,203,755	28,467,554
Cap		33,373,118	32,335,721
Others		23,092,515	20,959,538
		533,702,223	530,273,170
		1,587,190,443	1,620,859,628



Notes to the financial statements (continued)

16. Cost of sales (continued)

E. Value of imports - at cost and freight basis

Raw and packing materials and finished goods for re-sale	931,646,767	1,104,603,552
Capital goods	75,236,968	108,040,552
	1,006,883,735	1,212,644,104

F. Statement of production

i. Own manufacture

Line of business	Unit of measurement	Installed capacity shift single basis	Multiple shifts as		Percentage increase/ (decrease)
			2021	2020	
Household & toiletries	Thousand Litre	15,935	37,306	33,754	11%
	Metric Ton	5,439	16,316	16,316	0%
Pharmaceuticals	Million Tablets	-	-	-	0%
	Thousand Litre	604	1,806	1,806	0%
Total	Metric Ton	5,439	16,316	16,316	0%
	Thousand Litre	16,539	39,111	35,559	10%

ii. Imports for re-sale

Total business	Million No.	9	16	100%
	Metric Ton	207	125	66%
	Thousand Litre	70	117	-40%



Notes to the financial statements (continued)

17. Other income

<i>In Taka</i>	<i>Note</i>	2021	2020
Profit/(loss) on sale of property, plant and equipment		2,214,737	15,715
Other income-Forfeited amount PF Fund		277,503	771,639
Operational loss-Forfeited amount not recovered PF Fund		-	(224,487)
		2,492,240	562,867

18. Operating expenses

<i>In Taka</i>		2021	2020
Selling and distribution expenses	18(A)	340,405,330	337,776,344
Administrative expenses	18(B)	272,003,251	314,525,338
Royalties/Technical services fees	11(B)(ii)	233,628,231	268,673,264
Marketing expenses	18(C)	700,339,826	1,013,671,101
		1,546,376,638	1,934,646,047

A. Selling and distribution expenses

Salaries, wages and welfare expenses		194,422,268	196,303,949
Carriage outwards		59,164,437	66,316,940
Depot expenses		4,551,010	20,455,738
Vehicle expenses		10,665,125	7,696,063
Printing and stationery		450,010	270,401
Travelling		23,773,258	15,864,010
Sales office expenses		17,679,441	3,010,046
Insurance		2,318,087	360,105
Depreciation	3(B)	22,940,527	26,928,699
Staff recruitment, training and development expenses		103,011	-
Repairs and maintenance		58,202	200,000
Communication		3,675,479	360,878
Safety, health and environment		273,915	-
Others		330,560	9,514
		340,405,330	337,776,344

B. Administrative expenses

Salaries, wages and welfare expenses		196,647,711	232,600,887
Non-executive directors fee		775,011	414,000
Communication		4,403,003	5,625,248
Vehicle expenses		1,740,048	876,035
Travelling		2,281,975	1,730,963
Corporate office expenses		15,055,272	11,594,323
Repairs and maintenance		2,692,063	5,335,643
Legal and professional charges	18(B)(i)	12,244,095	12,023,757
Printing and stationery		3,444,212	2,437,361
Subscriptions		201,800	141,800
Staff recruitment, training and development expenses		162,850	153,075
Entertainment		113,471	5,536
AGM expenses		325,000	566,591
Bank charges		513,516	776,722
Insurance		226,732	195,254
Depreciation	3(B)	26,474,947	33,233,753
Corporate Social Responsibility		2,922,265	6,814,390
Safety, health and environment		1,698,635	-
Others		80,645	-
		272,003,251	314,525,338



Notes to the financial statements (continued)**18. Net operating expenses (continued)****B. Administrative expenses (continued)****i. Legal and professional charges**

<i>In Taka</i>	<i>Note</i>	2021	2020
Audit fee		1,150,000	1,288,024
Tax services		1,040,732	1,016,014
Legal consultancy		3,190,026	1,768,046
Other consulting fees		6,863,337	7,951,673
		12,244,095	12,023,757

C. Marketing expenses

<i>In Taka</i>		2021	2020
Media		384,290,026	493,213,408
Consumer marketing		55,688,751	103,623,509
Market research		8,454,452	5,374,296
Trade marketing		251,906,597	411,459,888
		700,339,826	1,013,671,101

19. Finance income

<i>In Taka</i>		2021	2020
Interest income		14,490,193	60,607,204
		14,490,193	60,607,204

20. Finance costs

<i>In Taka</i>		2021	2020
Interest expense on lease liabilities		11,164,549	11,078,255
		11,164,549	11,078,255

21. Contribution to WPPF

<i>In Taka</i>		2021	2020
Profit before contribution to WPPF		1,156,576,556	1,131,734,211
Applicable contribution rate		5%	5%
		55,075,074	53,892,105

The Company contributes 5% of the profit before tax after charging such expense as contribution to WPPF. See Note 2.8(C)(iv)



Notes to the financial statements (continued)

22. Income tax expense

See accounting policy in Note 2.8(E)

A. Amounts recognised in profit or loss

<i>In Taka</i>	Note	2021	2020
Current tax expense			
Current year		273,680,616	350,253,316
		273,680,616	350,253,316
Deferred tax (income)/expense			
Origination/(reversal) of temporary differences	22(D)	19,699,351	(11,298,833)
		19,699,351	(11,298,833)
Tax expense on continuing operations		293,379,967	338,954,483

B. Amounts recognised in OCI

<i>In Taka</i>	2021			2020		
	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	(8,110,000)	1,824,750	(6,285,250)	(19,342,960)	4,835,740	(14,507,220)
	(8,110,000)	1,824,750	(6,285,250)	(19,342,960)	4,835,740	(14,507,220)

C. Reconciliation of effective tax rate

<i>In Taka</i>	2021		2020	
Profit before tax		1,101,501,482		1,077,842,107
Tax using the Company's tax rate	22.50%	247,837,833	25.00%	269,460,527
Factors affecting the tax charge for current period:				
Excess/(deficit) of accounting depreciation over fiscal depreciation	0.45%	4,911,157	0.65%	6,969,599
Excess/(deficit) of rental payment over expenses under IFRS-16	0.21%	2,260,636	0.21%	2,309,590
Provision release for earlier year tax rate adjustment	-3.54%	(39,000,000)	0.00%	-
Provision for stock obsolescence and Impairment (loss)/gain reversal on trade receivables	-0.29%	(3,237,295)	0.20%	2,181,991
Permanent difference as per Income Tax Ordinance 1984	1.25%	13,736,972	0.56%	6,064,927
Excess of gratuity provision over payment of gratuity	0.43%	4,781,582	0.83%	8,956,543
Excess of technical services fee over payment of technical services fee/royalty	3.85%	42,389,731	5.04%	54,310,139
Movement of temporary differences: as above	1.79%	19,699,351	-1.05%	(11,298,833)
	26.63%	293,379,967	31.45%	338,954,483



Notes to the financial statements (continued)

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

2021	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
<i>In Taka</i>						
Property, plant and equipment	(25,440,385)	10,317,066	-	(15,123,319)	-	(15,123,319)
Employee benefits	50,702,500	(30,437,253)	1,824,750	22,089,997	22,089,997	-
Trade and other receivables	44,569	6,213	-	50,782	50,782	-
Inventories	5,854,185	(3,833,384)	-	2,020,801	2,020,801	-
RoU assets- Impact of IFRS 16	(44,285,114)	9,314,198	-	(34,970,916)	-	(34,970,916)
Lease liabilities- Impact of IFRS 16	41,884,301	(5,066,191)	-	36,818,110	36,818,110	-
Net deferred tax assets (liabilities)	28,760,056	(19,699,351)	1,824,750	10,885,455	60,979,690	(50,094,235)

2020	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
<i>In Taka</i>						
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	34,642,683	-	41,884,302	41,884,302	-
Net deferred tax assets (liabilities)	12,625,483	11,298,833	4,835,740	28,760,056	98,485,556	(69,725,499)

23. 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	2021	2020
Net profit after tax for the year, attributable to the owners of the company		808,121,515	738,887,624
Profit/(loss) attributable to ordinary shareholders		808,121,515	738,887,624

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

	Note	2021	2020
Issued ordinary shares at 31 December	9(A)	4,725,000	4,725,000
Weighted-average number of ordinary shares at 31 December		4,725,000	4,725,000
Basic earnings per share (EPS)		171.03	156.38

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

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)

24. 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		
31 December 2021									
Financial assets not measured at fair value									
	6	-	-	-	-	69,006,591	-	-	69,006,591
	8	-	-	-	-	1,629,066,314	-	-	1,629,066,314
		-	-	-	-	1,698,072,905	-	-	1,698,072,905
Financial liabilities not measured at fair value									
	11	-	-	-	-	-	(1,665,931,472)	-	(1,665,931,472)
		-	-	-	-	-	(1,665,931,472)	-	(1,665,931,472)

31 December 2020

Financial assets not measured at fair value

	6	-	-	-	-	25,500,945	-	-	25,500,945
	8	-	-	-	-	1,789,083,592	-	-	1,789,083,592
		-	-	-	-	1,814,584,537	-	-	1,814,584,537

Financial liabilities not measured at fair value

	11	-	-	-	-	-	(1,859,728,536)	-	(1,859,728,536)
		-	-	-	-	-	(1,859,728,536)	-	(1,859,728,536)

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)

24. 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>	2021	2020
Trade and other receivables	6	69,006,591	25,500,945
Cash and cash equivalents	8	1,629,066,314	1,789,083,592
		1,698,072,905	1,814,584,537



Notes to the financial statements (continued)

24. 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>	2021	2020
Trade receivables	6	67,935,733	23,141,748
Interest receivables	6(B)	858,000	1,559,583
Inter-company receivables	6(B)(i)	438,556	977,890
		69,232,289	25,679,221

The aging of trade receivables at 31 December

Past due 1-30 days	66,391,962	22,789,647
Past due 31-60 days	1,543,771	652,101
Past due 61-90 days	-	-
Past due 91-180 days	-	-
Past due over 180 days	-	-
	67,935,733	23,441,748

The aging of interest receivables at 31 December

Past due 1-30 days	858,000	1,559,583
Past due 31-60 days	-	-
Past due 61-90 days	-	-
Past due 91-180 days	-	-
Past due over 180 days	-	-
	858,000	1,559,583

The aging of inter-company receivables at 31 December

Past due 1-30 days	-	-
Past due 31-60 days	438,556	977,890
Past due 61-90 days	-	-
Past due 91-180 days	-	-
Past due over 180 days	-	-
	438,556	977,890

(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>	2021	2020
Cash in hand	8	50,000	106,000
Cash at bank	8(A)	1,629,016,314	1,788,977,592
		1,629,066,314	1,789,083,592

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)

24. **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	6-12 months	1-2 years	2-5 years	More than 5 years
31 December 2021								
Non-derivative financial liabilities								
Third party trade payables	11(A)	198,550,005	(198,550,005)	(198,550,005)	-	-	-	-
Inter-company trade payables	11(A)	33,804,717	(33,804,717)	(33,804,717)	-	-	-	-
Third party other payables	11(B)	856,253,344	(856,253,344)	(853,220,687)	(3,032,656)	-	-	-
Inter-company other payables	11(B)	577,323,406	(577,323,406)	(577,323,406)	(577,323,406)	-	-	-
Lease liabilities	4(i)	163,636,046	(163,636,046)	(4,394,762)	(5,692,218)	(12,050,101)	(25,374,946)	(116,124,020)
		1,829,567,518	(1,829,567,518)	(1,089,970,171)	(586,048,281)	(12,050,101)	(25,374,946)	(116,124,020)
31 December 2020								
Non-derivative financial liabilities								
Third party trade payables	11(A)	130,659,328	(130,659,328)	(130,659,328)	-	-	-	-
Inter-company trade payables	11(A)	28,643,135	(28,643,135)	(28,643,135)	-	-	-	-
Third party other payables	11(B)	1,156,239,638	(1,156,239,638)	(1,147,431,397)	(8,808,241)	-	-	-
Inter-company other payables	11(B)	530,877,175	(530,877,175)	(530,877,175)	(530,877,175)	-	-	-
Lease liabilities	4(i)	167,537,208	(167,537,208)	(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)



Notes to the financial statements (continued)

24. 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 2021				31 December 2020			
	BDT	USD	EUR	GBP	BDT	USD	EUR	GBP
Foreign currency denominated assets								
Receivables due from related parties	438,556	5,106	-	-	977,890	5,106	-	4,715
Total assets	438,556	5,106	-	-	977,890	5,106	-	4,715
Foreign currency denominated liabilities								
Trade payables due to related parties	(33,804,717)	(378,902)	(17,862)	-	(28,643,135)	(341,272)	-	-
Total liabilities	(33,804,717)	(378,902)	(17,862)	-	(28,643,135)	(341,272)	-	-
Net exposure	(33,366,161)	(373,796)	(17,862)	-	(27,665,245)	(336,166)	-	4,715

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

	2021	2020
Average rate		
USD	85.07	84.96
EUR	100.58	96.96
GBP	117.04	109.09
Year end spot rate		
USD	85.89	84.66
EUR	97.73	103.46
GBP	116.23	115.72

(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 2021.



Notes to the financial statements (continued)

25. Related parties

A. Parent and ultimate controlling party

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

B. Transactions with key management personnel

i. Key management personnel compensation

Key management personnel compensation comprised the following.

<i>In Taka</i>	2021		2020	
	Managing Director	Directors and managers	Managing Director	Directors and managers
Remuneration, bonus and other benefits	40,503,025	311,170,820	56,508,093	379,688,089
Housing rental		72,753,122		67,921,210
Leave passage		10,289,451		7,965,676
Medical		16,396,529		11,904,623
Short-term employee benefits	40,503,025	410,609,923	56,508,093	467,479,598
Gratuity provision		42,078,374	-	38,163,105
Provident fund		18,200,764	-	15,770,328
Post-employment benefits	-	60,279,138	-	53,933,433
	40,503,025	470,889,061	56,508,093	521,413,031
Number	1	201	1	187

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

<i>In Taka</i>	Note	Nature of Relationship	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
			2021	2020	2021	2020
Parent of the Company						
Dividend paid						
Reckitt Benckiser Limited, UK	11.B.ii	Reckitt Benckiser Parent Company	548,788,520	489,989,750	-	-
Fellow subsidiaries of the Company						
Import of raw materials and finished goods						
Reckitt Benckiser (India) Ltd.		Reckitt Benckiser Group Company	51,749,225	63,794,107	30,787,257	28,643,135
Reckitt Benckiser Healthcare (UK) Ltd.		Reckitt Benckiser Group Company		19,714,945	-	-
Reckitt Benckiser (Pakistan) Ltd.		Reckitt Benckiser Group Company		3,300,721	-	-
Reckitt Benckiser Health Ltd., UK		Reckitt Benckiser Group Company	549,264	1,161,671		
Reckitt Benckiser Healthcare Manufacturing (Thailand) Ltd		Reckitt Benckiser Group Company		19,714,945		
Reckitt Benckiser (India) Private Ltd.		Reckitt Benckiser Group Company	1,271,881	68,085	1,271,881	
RB Bahrain WLL		Reckitt Benckiser Group Company	2,910,139	2,029,946		
Reckitt Benckiser Chartres, France		Reckitt Benckiser Group Company	3,629,654		1,745,579	
Technical services fees						
Reckitt and Colman (Overseas) Limited, UK		Reckitt Benckiser Group Company	-	-	-	194,651,230
Royalties						
Reckitt Benckiser Health Limited, UK		Reckitt Benckiser Group Company	187,812,966	215,116,784	402,929,750	372,183,839
Reckitt Benckiser (ENA) B.V., Netherlands		Reckitt Benckiser Group Company	88,705,955	85,687,710	174,393,657	158,693,336
Sale of goods						
Reckitt Benckiser (India) Ltd.		Reckitt Benckiser Group Company	-	-	-	-
Systems support services						
Reckitt Benckiser Corporate Services Limited, UK		Reckitt Benckiser Group Company	1,292,073	2,267,624	438,556	977,890

D. Significant contract where the Company is party and wherein Directors have interest

No such transactions/contact has occurred during the year.



Notes to the financial statements (continued)

26. Net asset value per share

<i>In Taka</i>	2021	2020
Net Asset	948,056,113	807,719,848
Weighted average number of ordinary shares outstanding during the year	4,725,000	4,725,000
Net asset value per share	200.65	170.95

27. Net operating cash flow per share

<i>In Taka</i>	2021	2020
Net operating cash flow	637,380,749	1,372,957,029
Weighted average number of ordinary shares outstanding during the year	4,725,000	4,725,000
Net operating cash flow per share	134.90	290.57

28. Reconciliation of net operating cash flow

<i>In Taka</i>	Note	2021	2020
Profit before tax		1,101,501,481	1,077,842,107
Adjustment for:			
- Depreciation	3(C)	147,054,891	146,580,668
- (Gain)/Loss on sale of property, plant and equipment	17	(2,492,240)	(562,867)
- Impairment loss reversal on trade receivables	6	47,422	(112,604)
- Finance costs	20	11,164,549	11,078,255
- Finance income	19	(14,490,193)	(60,607,204)
		1,242,785,910	1,174,218,355
Changes in:			
- Inventories		36,794,604	(170,499,799)
- Trade and other receivables		(43,505,645)	17,460,120
- Advances, deposits and prepayments		30,339,830	(27,373,476)
- Trade and other payables		(224,144,639)	634,608,308
- Employee benefits		(98,848,949)	55,172,525
Cash generated from operating activities		943,421,112	1,683,586,033
Income tax paid	12	(306,040,361)	(310,629,004)
Net cash generated by operating activities		637,380,751	1,372,957,029



Notes to the financial statements (continued)

29. Commitments

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

A. Capital expenditure commitment

<i>In Taka</i>	2021	2020
Financial expenditures - outstanding purchase orders	4,341,373	12,734,680
	4,341,373	12,734,680

30. Contingent liabilities

There are contingent liabilities of Taka 31,178,534 (2020: Taka 123,833,679) on account of bank guarantees, acceptance trust receipt under letter of credit and Taka 378,464,641 (2020: Taka 249,241,526) on account of ordinary letter of credit issued by Standard Chartered Bank in favour of the Company.

Out of Taka 31,178,534, Taka 22,844,556 for shipping guarantees (2020: Taka 31,711,781) and Taka 8,334,008 for guarantees (2020: Taka 9,402,203) on behalf of Reckitt Benckiser (Bangladesh) PLC.

Import bills/bills receivable Taka 10,303,112 (2020: Taka 9,831,498) have been issued by SCB and HSBC on behalf of Reckitt Benckiser (Bangladesh) PLC.

<i>In Taka</i>	2021	2020
Guarantees issued by the Company's scheduled bankers to third parties on counter - indemnities given by the Company	8,334,008	9,402,203
Irrevocable letter of credit opened by the scheduled banks net of on account payment	-	254,026,829
	8,334,008	263,429,032

31. Number of employees

The company employed 274 (2020: 266) 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.



Notes to the financial statements (continued)

32. Remittance made in foreign currency (FC)

Currency	2021		2020	
	FC	Taka	FC	Taka
Reckitt Benckiser Health Limited,Uk (GBP)	816,994	95,343,200	-	-
Reckitt Benckiser (ENA) B.V., The Netherland (GBP)	466,173	54,402,400	-	-
Reckitt Benckiser Limited,UK	4,200,984	493,909,668	-	-
Dividend paid to Reckitt Benckiser Plc, UK (GBP)	-	-	3,994,482	440,990,775
Reckitt and Colman (Overseas) Ltd. (GBP)	-	-	1,046,828	113,057,391
Willis Tower Watson India Private Limited (USD)	1,600	135,920	1,600	135,920
Total	5,485,751	643,791,188	5,042,910	554,184,086

33. Receipt in foreign currency (FC)

Currency	2021		2020	
	FC	Taka	FC	Taka
Reckitt Benckiser Corporate Services Ltd. (USD)	20,399	1,718,623	15,318	1,281,749
Reckitt Benckiser Corporate Services Ltd.(GBP)	4,715	549,296	-	-
Total	25,114	2,267,919	15,318	1,281,749

34. Production capacity

Line of business	Unit of measurement	Installed capacity for the year 2021	Production for the year 2021
Household & toiletries	Thousand Litre Metric Ton	37,306 16,316	13,630 7,975
Pharmaceuticals	Thousand Litre	1,806	784
Total	Thousand Litre Metric Ton	39,112 16,316	14,414 7,975



35. Events after the reporting date

For the year 2021, the Board of Directors recommended a final dividend of Taka 165 per share amounting to Taka 779,625,000 at the board meeting held on 10 March 2022.

Above recommended dividend represents 96.47% of net profit after tax of the Company for the income year ended 31 December 2021. 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 2021.

36. Covid-19 impact to the business

Due to Covid-19 pandemic, company experienced a sudden spike of sales during 2020 which came to normal growth momentum during 2021.

37. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; 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.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
- Cost of Fulfilling a Onerous Contract (Amendments to IAS 37)

38. Comparative information

To enable comparison, certain relevant balances concerning to the previous year have been rearranged and reclassified whenever considered necessary to correspond to current year's presentation.

