

Safko Spinning Mills Limited

Statement of Financial Position

As at December 31, 2020

Un-audited

Particulars	Notes	Amount in Taka	
		December 31, 2020	June 30, 2020
ASSETS			
Non-current Assets		1,401,847,771	1,406,516,545
Property, Plant and Equipment	3	1,311,715,533	1,328,740,403
Intangible Assets	4	90,720	100,800
Capital Work-in-progress	5	87,991,018	75,132,721
Right of Use Asset	6	2,050,500	2,542,620
Current Assets		460,953,452	565,352,360
Inventories	7	299,230,431	384,083,861
Trade Debtors	8	74,502,083	76,502,083
Advances, Deposits and Prepayments	9	71,339,303	91,318,329
Investment in FDR	10	11,475,861	11,299,596
Cash and Cash Equivalents	11	4,405,774	2,148,491
Total Assets		1,862,801,223	1,971,868,905
EQUITY AND LIABILITIES			
Shareholders' Equity		502,358,274	635,265,823
Share Capital	12	299,817,160	299,817,160
General Reserve		3,029,184	3,029,184
Revaluation Reserve	13	558,001,728	561,878,204
Retained Earnings/(Deficit)		(358,489,798)	(229,458,725)
Non-current Liabilities		1,189,794,966	1,054,434,952
Term Loan	14.03	1,070,267,258	932,864,041
Deferred Tax Liabilities	15	116,997,075	118,946,842
Lease Liability	16	2,530,633	2,624,069
Current Liabilities		170,647,983	282,168,130
Current Portion of Term-loan	14.03	97,297,023	193,236,520
Short-term Loan from Directors	17	14,485,700	12,505,000
Liabilities for Expenses and Others	18	20,235,481	37,302,368
Provision for Tax	19	38,629,780	39,124,242
Total Equity and Liabilities		1,862,801,223	1,971,868,905
Net Assets Value per Share (NAV)	27	16.76	21.19

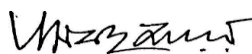
The annexed notes 1 to 31 and Annexure-A, B & C form an integral part of these financial statements.



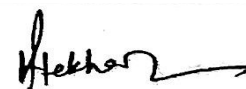
Chief Financial Officer



Director



Managing Director



Company secretary



Chairman

Dated: Dhaka

30-Jan-21


Safko Spinning Mills Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Quarter ended December 31, 2020
Un-audited

Particulars	Notes	Amount in Taka		Amount in Taka	
		July 01, 2020 to December 31, 2020	July 01, 2019 to December 31, 2019	October 01,2020 to December 31, 2020	October 01,2019 to December 31, 2019
Sales Revenue	20	139,402,457	267,611,003	64,548,280	132,464,102
Cost of Sales	21	(208,176,057)	(220,644,116)	(103,680,240)	(106,401,191)
Gross Profit		(68,773,600)	46,966,887	(39,131,960)	26,062,911
Others Income	23	1,040,825	179,170	255,487	75,644
Administrative and Marketing Expenses	24	(12,446,631)	(10,181,990)	(4,124,738)	(4,431,311)
Operating Profit		(80,179,406)	36,964,067	(43,001,211)	21,707,244
Financial Expenses	25	(54,172,314)	(61,291,278)	(27,795,693)	(30,011,864)
Profit before Tax and Cotribution to WPPF		(134,351,720)	(24,327,211)	(70,796,904)	(8,304,620)
Contribution to WPPF		-	-	-	-
Profit before Tax		(134,351,720)	(24,327,211)	(70,796,904)	(8,304,620)
Income Tax Current period	26	1,444,171	(35,376,199)	572,555	(2,714,888)
Net Profit after Tax		(132,907,549)	(59,703,410)	(70,224,349)	(11,019,508)
Other Comprehensive Income/(Loss)		-	-	-	-
Total Comprehensive Income for the Year		(132,907,549)	(59,703,410)	(70,224,349)	(11,019,508)
Earnings per Share (EPS)	28	(4.43)	(1.99)	(2.34)	(0.37)


The annexed notes 1 to 31 and Annexure-A, B & C form an integral part of these financial statements.


Chief Financial Officer


Director


Managing Director


Company secretary


Chairman

Dated: Dhaka
30-Jan-21

Safko Spinning Mills Limited
Statement of Changes in Equity
For the Quarter ended December 31, 2020
Un-audited

Particulars	Share Capital	General Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on July 01, 2020	299,817,160	3,029,184	621,555,273	(229,458,725)	694,942,892
Profit for the period				(132,907,549)	(132,907,549)
Addition During the period					-
Adjustment for under transfer of depreciation in previous periods				-	
Adjustment for Realized Depreciation of Revalued Assets			(3,876,476)		(3,876,476)
Adjustment for Realized Depreciation of Revalued Assets and Deferred Tax	-	-		3,876,476	3,876,476
Deferred Tax Liability					-
Balance as on December 31, 2020	299,817,160	3,029,184	617,678,797	(358,489,798)	562,035,343

Amount in Tk.					
Particulars	Share Capital	General Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on July 01, 2019	299,817,160	3,029,184	280,577,069	(112,098,148)	471,325,265
Profit for the periods	-	-	-	(59,703,410)	(59,703,410)
Addition During the periods			394,498,832		394,498,832
Adjustment for Realized Depreciation of Revalued Assets			(3,879,252)		(3,879,252)
Adjustment for Realized Depreciation of Revalued Assets and Deferred Tax	-	-		3,879,252	3,879,252
Deferred Tax Liability					-
Balance as on December 31, 2020	299,817,160	3,029,184	671,196,649	(167,922,306)	806,120,687

The annexed notes 1 to 31 and Annexure-A, B & C form an integral part of these financial statements.



Chief Financial Officer

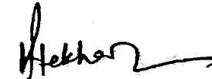


Director

Dated: Dhaka
30-Jan-21



Managing Director



Company secretary



Chairman

Safko Spinning Mills Limited
Statement of Cash Flows
For the Quarter ended December 31, 2020
Un-audited


Particulars	Notes	Amount in Taka	
		July 01, 2020 to December 31, 2020	July 01, 2019 to December 31, 2019
Cash Flows from Operating Activities			
Collection from Customers and Other Income		142,443,282	262,024,246
Payment to Suppliers, Employees and Other Expenses		(105,266,785)	(259,834,108)
Income tax Paid		(1,000,058)	(525,200)
Net Cash Used by Operating Activities		36,176,439	1,664,938
Cash Flows from Investing Activities			
Investment in FDR		(176,265)	(161,211)
Capital Work-in-progress		(23,014,997)	(21,251,696)
Net Cash Used in Investing Activities		(23,191,262)	(21,412,907)
Cash Flows from Financing Activities			
Financial Expenses		(54,172,314)	(61,291,278)
Loan Refund from Sister Concern		-	59,908,950
Term Loan Receipt/Paid (Net)		41,463,720	159,938,563
Short-term Bank Loan Received/Paid (Net)		-	(110,238,806)
Loan From Directors		1,980,700	5,110,000
Net Cash Flows from Financing Activities		(10,727,894)	53,427,430
Net Increase/(Decrease) in Cash and Cash Equivalents		2,257,283	33,679,461
Cash and Cash Equivalents at the Beginning of the Year		2,148,491	9,080,320
Cash and Cash Equivalents at the end of the year		4,405,774	42,759,780
Net Operating Cash Flows per Share	29	1.21	0.06

The annexed notes 1 to 31 and Annexure-A, B & C form an integral part of these financial statements.


Chief Financial Officer


Company secretary


Director


Managing Director


Chairman

Dated: Dhaka
30-Jan-21

Safko Spinning Mills Limited

Notes to the Financial Statements
For the Quarter ended December 31, 2020

1. SPECIFIC ACCOUNTING POLICIES SELECTED AND OTHER MATERIAL INFORMATION

Legal form of the Enterprise

Safko Spinning Mills Limited was incorporated vide registration no C-26103(1937)/94 in Bangladesh on June 20, 1994 as Public Limited Company under the Companies Act 1913 (subsequently repealed by the Companies Act, 1994). The Company issued public portion of shares and was listed with Dhaka Stock Exchange from April 12, 1999.

Address of Registered Office and Principal Place of Business

The registered office of the Company and the factory is located at Noyapara, Saiham Nagar of Habigonj District.

Principles Activities and Nature of Operations

The Company manufactures Cotton Yarn, Polyester, Cotton Blended Yarn, Synthetic Yarn or other yarn for sale and export purpose. The production of the mill was stopped from January 2009 due to abnormal losses sustained by the company for the last two consecutive years. However, the production of the mill has been started from May 25, 2010 which was informed to SEC & DSE.

The company produced 19.45 lac Kg as against installed capacity of 29.18 lac kg per year.

2. SIGNIFICANT ACCOUNTING POLICIES AND RELEVANT INFORMATION

2.1 Basis of Preparation and Presentation of the Financial Statements

The financial statements have been prepared and the disclosures of information made in accordance with the requirements of the Companies Act 1994, the Security Exchange Rules 1987 and IFRSs and IASs adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income have been prepared according to IAS 1 (Presentation of Financial Statements) based on accrual basis following going concern assumption under generally accepted accounting principles and practices in Bangladesh and Statement of Cash Flows according to IAS 7 (Statement of Cash Flows).

2.2 Recognition of Property, Plant and Equipment and Depreciation

Property, Plant and Equipment except land and land development are stated at cost less accumulated depreciation in accordance with IAS 16 "Property, Plant and Equipment". Cost represent cost of acquisition of construction and include purchase price and other directly attributable cost of bringing the assets to working conditions for its intended use, but do not include any capitalized borrowing cost. No depreciation is charged on land and land development. Depreciation has been charged on addition of assets on monthly basis. Depreciation on all other fixed assets are computed using the reducing balance method in amount sufficient to write off depreciable assets over their estimated useful life. Expenditure for maintenance and repairs are expenses; major replacements, renewals and betterment are capitalized. The cost and accumulated depreciation of depreciable assets retired or otherwise disposed off are eliminated from the assets and accumulated depreciation and any gain or loss on such disposal is reflected in operations for the year.

The annual depreciation rates applicable to the principal categories are:

Land and Land Development	0%
Factory Building & other Construction	5%
Plant and Machinery	7.5%
Generator	15%
Gas line Installation	15%
Furniture and Fixture	10%
Transport Vehicles	20%
Office Equipment	15%
Sundry Assets	10%

Depreciation has been charged to cost of goods sold and administrative expenses consistently.

2.3 Leases:

The company has applied IFRS 16 Leases for the first time during the year. As IFRS 16 supersedes IAS 17 Lease, the company has made recognition, measurement and disclosure in the financial statements for the Quarter ended December 31, 2020 as per IFRS- 16.

Right-of-use assets (ROU)

The company recognizes the right-of-use assets (RoU) at the commencement date of the lease (i.e. the date the underlying asset is available for use). RoU assets are measured at cost less any accumulated depreciation and impairment of losses and adjusted cost incurred, and lease payment made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the lease term, or remaining period of the lease term. The company assessed all lease contracts live in 2019 and recognized as RoU of assets of all leases as per IFRS 16. As leases under IFRS 16 has been first time adopted by the company.

Lease Liability

At the commencement of the lease, the company recognizes lease liabilities measured at the present value of lease payments (initial payment), and amount is expected to be paid under residual value of guarantees. The lease payments include fixed lease payment.

2.4 Measurement Bases Used in Preparing the Financial Statements

All the elements of financial statements have been measured in "Historical Cost" basis which is one of the most commonly adopted bases as provided in "The Framework for the Preparation and Presentation of Financial Statements" issued by the International Accounting Standards (IAS).

2.5 Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with the International Accounting Standards requires management to make estimates and assumptions that effects the reported amounts of the assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the year reported. Actual results could differ from those estimates. Estimates are used in accounting for certain items such as depreciation; liability for outstanding claims whether due or intimated, taxes etc.

2.6 Revaluation of property, plant and equipment

Basis of valuation:

Land and land development: At the time of revaluation of land and land development it is observed by the valuer that there is no uniformity in price of land in the plot lying side by side and having equal facilities may fetch different price without any apparent and convincing reasons. Land and land development have been revalued based on plot being purchased and sold in the locality during the last few months. The valuer also discussed with the local people and inhabitants of that locality at random basis to arrive at an average consensus value as to the present price of the land in the locality. According to present market condition, value of the land is a relevant term as the seller and buyer looks at it from different point. Moreover, it differs from a willing seller and an unwilling seller and similarly a willing buyer will have a different value than that of an unwilling buyer. Land is revalued by Shafiq Basak & Co. Chartered Accountants as on September 30, 2019.

Factory Building and Others Construction: The construction of civil works was evaluated by Depreciation Replacement Cost (DRC) approach i.e. by estimating the cost of new construction of the subject structures (with same size, shape, height, visual appearance and internal design) and then adjusting the amount to reflect the depreciation already taken on the existing facility/structure, the wear and tear the existing structure has sustained, and the amount and type of maintenance the facility has received. We have also taken into the enhancement of the material cost and the phenomenal increase of construction material and labor cost over the years and the costing of PWD (Public Works Department) schedule of rates, which is considered to be more authentic. Factory building and others construction is also revalued by Shafiq Basak & Co. Chartered Accountants as on September 30, 2019.

2.7 Going concern

The company has adequate resources to continue in operation for the foreseeable future. For this reason, the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and resources of the company provides enough fund to meet the present requirements of existing business.

2.8 Basis of Preparation

The financial statements have been prepared based on the accrual basis of accounting following going concern assumption and prepared under the historical cost convention.

2.9 Inventories

Inventories on hand are valued at lower of average cost and net realizable value in accordance with para 21 and 25 of IAS-2. Item-wise valuation are as follows :

Item	Method of Valuation
Raw Cotton	At average cost price
Polyester Staple Fibre	At average cost price
Spare Parts	At cost price
Packing Materials	At cost price
Work-in-process	100% Materials plus portion of labour charges, gas charges & Electric charges
Finished goods (Yarn)	Cost and Market price whichever is lower

2.10 Cash and Cash Equivalents

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

2.11 Creditors and Accruals

Liabilities are recorded at the amount to be paid in the future for settlement in respect of goods and services received by the Company.

2.12 Statement of Cash Flows

Statement of Cash Flows is prepared principally in accordance with IAS 7 "Statement of Cash Flows" and the cash flows from the operating activities have been presented direct method as prescribed by the Securities & Exchange Rules, 1987 and considering the provision of paragraph 19 of IAS 7 which provides that "Enterprises are Encouraged to Report Cash Flows from Operating Activities Using the Direct Method."

2.13 Revenue Recognition

The company recognizes revenue when control and ownership has been transferred to the buyer, which satisfied all the condition for the revenue recognition as provided in IFRS 15 "Revenue from Contracts with Customers."

2.15 Trade Debtors

These are carried at original invoice amount. This is considered good and collectable but few amount was written off as bad debt and was considered doubtful to provide for.

2.16 Workers Profit Participation Fund

Workers profit participation fund has been created at the rate of 5% after charging WPPF on net profit during the year under audit .

2.16 Earnings per Share (EPS)

The company calculates Earnings per share (EPS) in accordance with IAS 33 "Earnings per Share" which has been shown on the Statement of Profit or Loss and Other Comprehensive Income .

2.17 Basic Earnings

This presents earnings for the year attributable to ordinary shareholders. As there was no preference dividend minority interest or extra ordinary terms, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

2.18 Basic Earnings per Share

This has been calculated by dividing the basic earning by the weighted average number of ordinary shares outstanding during the period.

2.19 Taxation

The provision for income tax has been made @ 15% on net profit during the period.

2.20 Additional Information on Financial Statements

Responsibility for Preparation and Presentation of Financial Statements

The Board of Directors is responsible for the preparation and presentation of Financial Statements under Section 183 of the Companies Act 1994 and as per the provision of "The Framework For The Preparation And Presentation of Financial Statements" issued by the International Accounting Standard (IAS).

Components of the Financial Statements

According to the International Accounting Standard (IAS) 1 "Presentation of Financial Statements" the Complete set of Financial Statements includes the following components:

- i. Statement of Financial Position as at December 31, 2020;
- ii. Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Account) for the Quarter ended December 31, 2020
- iii. Statement of Changes in Equity for the Quarter ended December 31, 2020
- iv. Statement of Cash Flows for the Quarter ended December 31, 2020
- v. Accounting Policies and Explanatory notes.

2.21 Revaluation Reserve

When an assets carrying amount is increased as a reasult of revaluation, the increase amount should be credited directly to equity under the heading of Revaluation surplus /reserve as per IAS -16: Property Plant and Equipment. The company revalued the assets of Land and Factory Buildings and other construction which has absolutly owned by the company and The increased amount transferred to Revaluation Reserve. The revaluation was made on 30th September 2012 which was conducted by a professional independent valuer Axis resources ltd. In order to reflect the fair picture of the company as the present condition on the basis of current market price for land and replace cost for Building.

2.22 Deferred Tax

Deferred Tax is recognised on difference between the carrying amount of assets and a liability in the Financial Statements and the corresponding tax based used in the computation of taxable profit and is accounted for using balance sheet liability method . Deferred tax liabilities are generally recognised for all taxable temporary difference and deferred tax assets are recognised to the extent that is probable that the profit will be available against which deductible temporary difference, unused tax loses or unused tax credits can be utilised . Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition(other than in a Business combination) of other assets and liabilities in a transaction that affect neither the taxable profit nor accounting profit . Considering the practies generally followed in Bangladesh the company have been reserved Deferred Tax Assets or Deferred Tax Liabilities in accordance with IAS-12 "Income Taxes".

2.23 Risk and uncertainties for use of estimates in preparation of Financial Statements

The preparation of Financial Statements in conformity with the International Accounting Standards requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the affect financial statements and revenues and expenses during the period reported. Estimates are used for accounting of certain items such as long term contracts, depreciation and employees benefit plants, Taxes, reserves and contingencies.

2.24 Compliance with Local Laws

The financial statements have been prepared in compliance with requirements of the Companies Act 1994., the Securities and Exchange Rules 1987 and other relevant rules and regulations

2.25 Compliance with International Accounting Standards (IASs)

The financial statement have been prepared in compliance with requirements of IASs adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh.

2.26 Reclassification/Re-arrangement/Restatement

To facilitate comparison certain relevant balances pertaining to the last year have been reclassified/re-arranged/restated whenever considered necessary to conform to current year's presentation.

2.27 Reporting currency and level of precision

The figures in the financial statements represent Bangladesh Taka currency, and rounded off to the nearest Taka except where indicates otherwise.

2.28 Related parties disclosures

As per IAS -24 parties are considered to be related if one party has the ability to control the others party exercise significant influence over the other party in making financial and and operating decisions. The company has carried out transaction in the ordinary course of business on an arms length basis at commercial rates with related parties .Related paries are stated their nominal value which is reflected in note no.-31.

2.29 Number of Employees

The number of employees at year end were 500 persons.

2.30 Functional and presentational (reporting) currencyFunctional and presentational (reporting) currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency.

2.31 Reporting Period

Financial Statement of the company covers from July 01, 2020 to December 31, 2020.

2.32 Comparative Information

Comparative Information have been disclosed in respect of the year 2020 for all numerical information in the financial statement and also the narrative and descriptive information when it is relevant for understanding of the current periods of financial statements.

In compliance with the requirements of "IAS-10" Events after the reporting period, post Statement of Financial Position events that provide additional information about the company's position at the Statement of Financial Position date are reflected in the Financial statements and events after the Statement of Financial Position date that are not adjusting event are disclosed in the notes when material.

The comparative financial statements for the financial year 2020 has been produced from the 12 months financial statements (last audited financial statements).

2.34 General

- i) Figures appearing in these Financial Statements have been rounded off to the nearest Bangladeshi taka;
- ii) These notes form an integral part of the annexed Financial Statements and accordingly are to be read in conjunction therewith;
- iii) The company has not incurred any expenditure in foreign currency against royalties and technical fees.

Note	Particulars	Amounts in Taka	
		June 30, 2020	June 30, 2019
3.00	Property, Plant and Equipment		
	Cost of valuation:		
	Balance at the beginning of the year	1,932,619,439	1,512,859,368
	Addition during the year	10,156,700	419,760,071
	Balance at year end	<u>1,942,776,139</u>	<u>1,932,619,439</u>
	Accumulated depreciation:		
	Balance at the beginning of the year	603,879,035	547,592,998
	Addition during the year	27,181,571	56,286,037
	Balance at year end	<u>631,060,606</u>	<u>603,879,035</u>
	WDV at the year end	<u>1,311,715,533</u>	<u>1,328,740,403</u>
	The details Property, Plant and Equipment has been shown in Annexure - A.		
	The land, building and plant & machinery at carrying of Tk. 665,020,965 has been placed as security for company's loan.		
4.00	Intangible Assets		
	Cost or valuation:		
	Balance at the beginning of the year	140,000	140,000
	Addition during the year	-	-
	Balance at year end	<u>140,000</u>	<u>140,000</u>
	Accumulated depreciation:		
	Balance at the beginning of the year	39,200	39,200
	Addition during the year	10,080	-
	Balance at year end	<u>49,280</u>	<u>39,200</u>
	WDV at the year end	<u>90,720</u>	<u>100,800</u>
5.00	Capital Work-in-progress		
	Building under construction	5.01 75,132,721	75,132,721
	Civil Construction	5.02 12,858,297	-
		<u>87,991,018</u>	<u>75,132,721</u>
5.01	Building under Construction		
	Opening balance	75,132,721	134,702,563
	Addition during the year	-	21,251,696
	Transfer during the year	-	(80,821,538)
	Closing balance	<u>75,132,721</u>	<u>75,132,721</u>
5.02	Civil Construction		
	Opening balance	-	-
	Addition during the year	12,858,297	-
	Transfer during the year	-	-
	Closing balance	<u>12,858,297</u>	<u>-</u>
6.00	Right of use Asset		
	Cost:		
	Cost as at July 01, 2020	2,952,720	2,952,720
	Add: Addition during the year	-	-
	Total cost as at September 30, 2020	<u>2,952,720</u>	<u>2,952,720</u>
	Depreciation:		
	Opening depreciation	410,100	410,100
	Add: Depreciation charged during the year	492,120	-
	Total Accumulated Depreciation as at December 31, 2019	<u>902,220</u>	<u>410,100</u>
	Written down value (A-B)	<u>2,050,500</u>	<u>2,542,620</u>

7.00 Inventories	Qty.	Unit price		
Raw Cotton	3,783,157 lbs	78	213,786,236	295,086,236
Polyester Staple Fiber	424224 lbs	85	36,059,114	36,059,114
Stores and Spares	14,845 pcs	558	14,283,728	8,283,728
Packing Materials	430,658 pcs	11	4,737,243	4,737,243
Work in Process	272,732 lbs	93	6,364,110	25,364,110
Finished goods	117,366 lbs	124	24,000,000	14,553,430
			299,230,431	384,083,861

8.00 Trade Debtors		
M/S. Rupashi Colour Ltd.	43,987,668	43,987,668
Pach gaon Traders	8,852,916	8,852,916
A.J. Traders	5,843,237	5,843,237
Hazi Nazim uddin	6,948,302	6,948,302
Four Star yarn Traders	9,432,055	9,432,055
TT Textiles	5,464,330	5,464,330
	80,528,508	80,528,508
Less: Bad debt provision	4,026,425	4,026,425
	76,502,083	76,502,083

N.B. Management have been decided to charge 5% bad debt this year, as there is uncertainty about the collection from some debtors.

Receivables aging analysis

Within 30 days	8,052,851	-
Over 30 days but less than 60 days	12,079,276	-
Over 60 days but less than 90 days	16,105,702	-
Over 90 days	44,290,679	48,049,385
	80,528,508	48,049,385

9.00 Advances, Deposits and Prepayments

Habigonj Palli Bidyut Samity	1,107,700	1,107,700
Advance Income Tax	129,467	108,493
Shaiham Multifiber Ltd.	-	-
Advance to suppliers	49,591,991	49,591,991
Advance against Spare Parts and Raw Materiels	21,755,145	39,755,145
Advance against Fixed asset	-	-
Advance to employees	755,000	755,000
	73,339,302	91,318,329

Maturity Analysis

Adjustable/realisable more than 30 days to 90 days	13,531,594
Adjustable/realisable more than 90 days to 1 year	76,679,034
Adjustable after 12 months	1,107,700
	91,318,329

10.00 Investment in FDR

The following FDRs are at the Bank Asia Ltd., Corporate Branch.

FDR no.	Maturity date	Interest rate		
A/C#035323314976	31-Jan-20	7%	1,459,905	1,462,905
A/C#035305714799	3-Aug-19	5.50%	1,567,306	1,471,013
A/C#00255014760	22-Jun-20	5.50%	709,425	709,925
A/C #00255014885	14-Nov-19	6.00%	1,411,980	1,325,508
A/C #00255014758	22-Jun-20	5.50%	6,327,244	6,330,244
			11,475,861	11,299,596

11.00 Cash and Cash Equivalents

Cash in Hand (Note: 11.01)	1,502,796	1,502,216
Cash at Bank (Note: 11.02)	2,902,978	646,275
	4,405,774	2,148,491

11.01 Cash in Hand

Head Office	1,424,105	1,424,105
Mill Office	78,691	78,111
	1,502,796	1,502,216

11.02 Cash at Bank

JBL HO- A/C. No. 0100108538184	3,011	3,011
Dhaka Bank- A/C. No. 2011000004364	2,147	13,096
JBL CD (nowapara)- A/C. No. 03400320000092	42,142	559
JBL STD A/C. No.	33,050	33,050
Pubali bank- A/C. No. 0565901026331	9,715	185,625
NRB CD- A/C. No. 1012010037293	3,239	3,239
Premier Bank- A/C. No. 18911100000021	0	150,160
Bank Asia CD- A/C. No. 00233012023	158	212,041
DBBL- A/C. No. 11611022287	9,517	45,496
Bank Reconciliation	<u>2,800,000</u>	
	<u>2,902,978</u>	<u>646,275</u>

12.00 Share Capital**12.01 Authorized Capital**

100,000,000 Ordinary Shares of Tk. 10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
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12.02 Issued, Subscribed and Paid up Capital

Opening Balance	299,817,160	299,817,160
Add. 3% bonus share (stock Dividend)	-	-
29,981,716 Ordinary Shares of Tk. 10 each	<u>299,817,160</u>	<u>299,817,160</u>

12.03 Composition of Share Holdings

Type of holders	% of holding
Sponsors	30.00
Financial Institution	5.03
General Public	64.97
Total	100

12.04 Year wise break-up of share issue

Date of Allotment	No. of share	Face Value	Amount taka	Basis of allotment
20th June, 1994 (during in Corporation)	1,750	100	1,75,000	Cash banking channel
1994 to 1999 (The Sponsor Director has subscribed)	798,250	100	7,99,25,000	Cash banking channel
18 April 1999 (IPO)	800,000	100	8,00,00,000	
26-May-11	256,000	100	2,56,00,000	16% Stock Dividend Approved
Sub Total	1,856,000	100	18,56,00,000	
	18,560,000	10	18,56,00,000	The share has been split into Tk 10/- each from Tk 100/- each
20-May-12	1,856,000	10	1,85,60,000	10% Stock Dividend Approved on 18 th AGM based on Financial statement 31 December 2011
22-Jun-13	2,041,600	10	2,04,16,000	10% Stock Dividend Approved on 19 th AGM based on Financial statement 31 December 2012
12-Apr-14	2,245,760	10	2,24,57,600	10% Stock Dividend Approved on 20 th AGM based on Financial statement 31 December 2013
13-Jun-15	2,470,336	10	2,47,03,360	10% Bonus share approved on 21 st AGM based on the Financial Statements 31 December, 2014.
26-Nov-16	815,210	10	81,52,100	3% Bonus share approved on 22 nd AGM based on the Financial Statements June 30, 2015-16.
2-Dec-17	1,119,556	10	1,11,95,560	4% Bonus share approved on 23 rd AGM based on the Financial Statements June 30, 2016-17.
2-Dec-18	873,254	10	8,732,540	3% Bonus share approved on 24 th AGM based on the Financial Statements 2017-2018
Total Paid-up Capital	29,981,716	10	299,817,160	

13.00 Revaluation Reserve

Opening Revaluation of Fixed Assets	561,878,204	280,577,069
Addition During the Year		338,938,533
Adjustment for Realized Depreciation of Revalued Assets	(3,876,476)	-
Deffered tax		(57,637,398)
	558,001,728	561,878,204

14.00 Term Loan

Opening Balance	1,126,100,561	914,669,040
Addition During the year	-	941,272,383
Interest charged during the year	53,842,520	104,968,773
Paid during the year	(12,378,800)	(834,809,635)
	1,167,564,281	1,126,100,561

14.01 Term Loan Bank Asia

Opening Balance	951,986,423	760,141,349
Addition During the year		919,367,000
Interest charged during the year	44,341,755	82,135,425
Paid during the year	(10,400,000)	(809,657,351)
Balance at the end of the year	985,928,178	951,986,423

14.02 Term Loan Premier Bank

Opening Balance	174,114,138	154,527,691
Addition During the year		21,905,383
Interest charged during the year	9,500,765	22,833,348
Paid during the year	(1,978,800)	(25,152,284)
Balance at the end of the year	181,636,103	174,114,138

14.03 Maturity of Term-loan		
Payment fall due within one year	97,297,023	193,236,520
Payment fall due after one year	1,070,267,258	932,864,041
	<u>1,167,564,281</u>	<u>1,126,100,561</u>
15.00 Deferred Tax Liabilities		
A. Property Plant and Equipment		
Property, Plant and Equipment at Accounting base	654,558,827	667,707,223
Property, Plant and Equipment at Tax base	357,658,042	395,465,475
Temporary difference	<u>296,900,785</u>	<u>272,241,748</u>
Tax rate	15%	15%
Deferred Tax Liabilities	<u>44,535,118</u>	<u>40,836,262</u>
B. Calculation of deferred tax on Unused Tax Losses		
Unabsorbed depreciation for the year	(174,076,989)	(136,269,556)
Bad debt provision	-	(4,026,425)
	<u>(174,076,989)</u>	<u>(140,295,981)</u>
Tax rate	15%	15%
Deferred tax assets	<u>(26,111,548)</u>	<u>(21,044,397)</u>
C. Calculation of deferred tax on revaluation on property plant and equipment		
Revalued value of land	505,974,140	505,974,140
Revalued value of other than land	151,182,565	155,059,041
Tax rate		
On land	15%	15%
On other than Land	15%	15%
Deferred tax liabilities		
For land	75,896,121	75,896,121
For other than Land	22,677,385	23,258,856
	<u>98,573,506</u>	<u>99,154,977</u>
Total Deferred Tax Liabilities (A+B+C)	<u>116,997,075</u>	<u>118,946,842</u>
15.01 Deferred Tax Expenses/(Income) for the year		
Deferred tax liability other than revalued assets as at December 31, 2020 (A+B)	18,423,569	19,791,865
Deferred tax liability other than revalued assets as at December 31, 2019 (A+B)	19,791,865	26,216,750
Net increased in deferred tax expenses for other than revalued assets for the year	<u>(1,368,296)</u>	<u>(6,424,885)</u>
16.00 Leases Liability		
Opening Balance	<u>2,624,069</u>	-
Add: Addition during the year	317,500	2,952,720
Add: Finance Cost	106,564	102,600
Less: Payment during the period	(517,500)	431,250
Closing Liability	<u>2,530,633</u>	<u>2,624,069</u>
17.00 Short term loan from Directors		
Opening Balance	12,505,000	<u>2,825,000</u>
Add: Addition During the period	1,980,700	28,357,000
Less: Paid during the period		(18,677,000)
Closing Balance	<u>14,485,700</u>	<u>12,505,000</u>
18.00 Liabilities for Expenses and Others		
Electricity Charge	3,643,694	7,074,717
Gas bill	-	3,059,191
Audit fees	345,000	395,000
WPPF	6,371,068	6,193,019
Workes welfare fund	70,162	68,201
VAT Liability	2,070,267	2,339,051
Unclaimed dividend	15,460	15,460
Rent Expense	24,300	24,300
Service Charge	15,000	15,000
Newspaper Bill	-	-
Security Service	18,000	18,000
Party liabilities	7,662,529	18,100,429
	<u>20,235,481</u>	<u>37,302,368</u>
19.00 Provision for Tax		
Opening Balance	39,124,242	13,306,431
Add :Previous years (After Assessment)		25,038,314
During the year	505,596	1,855,315
	<u>39,629,838</u>	<u>40,200,060</u>
Less: Adjustment during the year	(1,000,058)	(1,075,818)
Closing Balance	<u>38,629,780</u>	<u>39,124,242</u>

Note	Particulars	Amounts in Taka	
		July 01, 2020 to December 31, 2020	July 01, 2019 to December 31, 2019
20.00	Sales Revenue		
	Sale of Finished Yarn (net of VAT)	139,402,457	267,611,003
		<u>139,402,457</u>	<u>267,611,003</u>
21.00	Cost of Sales		
	Opening Stock of Finished Goods	14,553,430	13,590,330
	Add: Cost of Production (Note: 21.01)	210,622,627	221,901,171
		<u>225,176,057</u>	<u>235,491,501</u>
	Less: Closing Stock of Finished Goods	(24,000,000)	(14,847,385)
		<u>201,176,057</u>	<u>220,644,116</u>
21.01	Cost of Production		
	Row cotton (Note: 22.1.1)	97,088,553	113,541,571
	Polyester Staple Fiber (Note: 22.1.2)	-	45,293,643
	Spare Parts (Note: 22.1.3)	2,712,985	264,500
	Packing Materials (Note: 22.1.4)	4,426,435	2,716,476
	Direct Wages and Salaries	19,933,455	16,769,512
	Factory Overhead (Note: 22.1.5)	67,461,199	46,058,414
		<u>191,622,627</u>	<u>224,644,117</u>
	Add: Opening Works-in-Process	25,364,110	27,070,155
		<u>216,986,737</u>	<u>251,714,272</u>
	Less: Closing works-in-Process	(6,364,110)	(29,813,101)
		<u>210,622,627</u>	<u>221,901,171</u>
22.1.1	Consumption of Raw Cotton		
	Opening Stock	295,086,236	244,651,115
	Add: Purchase during the year	15,788,553	224,380,076
	Available for use	<u>310,874,789</u>	<u>469,031,191</u>
	Less: Closing Stock	(213,786,236)	(355,489,620)
		<u>97,088,553</u>	<u>113,541,571</u>
22.1.2	Consumption of polyester Staple Fiber		
	Opening Stock	36,059,114	36,059,114
	Add: Local purchase during the year	-	45,293,643
	Available for use	<u>36,059,114</u>	<u>81,352,757</u>
	Less :Closing Stock	(36,059,114)	(36,059,114)
		<u>-</u>	<u>45,293,643</u>
22.1.3	Consumption of Spare parts		
	Opening Stock	8,283,728	7,368,478
	Add: Purchase during the year	8,712,985	1,179,750
	Available for use	<u>16,996,713</u>	<u>8,548,228</u>
	Less: Closing Stock	(14,283,728)	(8,283,728)
		<u>2,712,985</u>	<u>264,500</u>
22.1.4	Consumption of Packing Materials		
	Opening Stock	4,737,243	785,631
	Add: Purchase during the year	4,426,435	6,668,088
	Available for use	<u>9,163,678</u>	<u>7,453,719</u>
	Less :Closing Stock	(4,737,243)	(4,737,243)
		<u>4,426,435</u>	<u>2,716,476</u>

Note	Particulars	Amounts in Taka	
		July 01, 2020 to December 31, 2020	July 01, 2019 to December 31, 2019
22.1.5	Factory Overhead		
	Carriage Inward	173,809	324,898
	Insurance Premium (Fire)	1,253,972	600,432
	Repairs and Maintenance	9,534,004	992,104
	Fuel & Lubricants	508,000	1,000,621
	Electric bill	29,065,980	2,846,205
	Gas Bill	-	13,131,680
	Depreciation	26,925,434	27,162,474
		67,461,199	46,058,414
23.00	Others Income		
	Interest Income	885,441	179,170
	Insurance Commission	155,384	-
		1,040,825	179,170
24.00	Administrative and Marketing Expenses		
	Board of Director's remuneration	300,000	300,000
	Salary and Allowance	5,107,555	5,398,935
	AGM	200,000	250,000
	Postage and Courier	-	27,500
	Registration and Renwal	424,809	414,000
	Repair and Maintenance	292,500	226,055
	Advertisement	7,000	19,389
	Printing and Stationary	88,186	87,455
	Audit fee	57,500	492,750
	Rent expenses	-	923,750
	Travelling and Conveyance	61,524	105,800
	Paper and periodicals	-	8,373
	Donation and subscription	-	-
	Medical and Welfare	277,900	29,815
	Electric expenses	36,421	221,650
	Miscellaneous expenses	141,915	116,785
	Telephone & Mobile Bill	12,347	24,115
	Office maintenance	168,500	49,473
	Sales promotion	-	-
	Gas Bill	62,270	184,280
	Service Charge	56,450	180,000
	Security Service	64,322	35,800
	Internet Bill	17,750	18,000
	Entertainment	49,845	45,098
	Depreciation & amortization	758,337	434,087
	Depreciation of right of use asset	-	-
	VAT	-	-
	Business Development	1,752,000	400,600
	Professional & Legal expenses	449,000	104,712
	Head Office Electric Bill	60,500	83,568
		10,446,631	10,181,990
25.00	Financial Expenses		
	Interest on term loan	53,642,520	38,279,086
	Interest on Overdraft Loan	-	3,685,522
	Interest on Revolving/Time Loan	-	4,537,049
	Interest on LTR, UPAS & Time loan PBL	-	11,465,502
	Bank Charges and Commission	243,220	330,507
	Interest on NRB Time Loan	-	2,993,612
	Interest on WPPF & WWF	180,010	-
	Interest on Lease Liability	106,564	-
		54,172,314	61,291,277

Note	Particulars	Amounts in Taka		
		July 01, 2020 to December 31, 2020	July 01, 2019 to December 31, 2019	
26.00	Income Tax expenses			
	Current Tax provision	505,596	964,045	
	Add: Previous year's tax adjustment	(581,471)	25,038,314	
	Deferred tax expenses/(income) (Note:15.01)	(1,368,296)	9,373,840	
		<u>(1,444,171)</u>	<u>35,376,199</u>	
26.01	Reconciliation of Taxable profit			
	Profit before Tax	(134,351,720)	(24,327,211)	
	Add: Bad debt provision	-	-	
	Add: Accounting depreciation	27,191,651	27,596,561	
	Less: Tax depreciation	(37,807,433)	(39,805,577)	
		<u>(144,967,502)</u>	<u>(36,536,227)</u>	
	Tax rate	15%	15%	
	i. Current tax	-	-	
	ii. Minimum tax	140443282	0.36%	
	Tax provision is higher one of above two calculation.	<u>505,596</u>	<u>855,200</u>	
27.00	Net Assets Value (NAV) per Share			
	Total Assets	1,862,801,223	1,971,868,905	
	Less. Total outstanding Liabilities	1,360,442,950	1,336,603,082	
	Net assets value	<u>502,358,273</u>	<u>635,265,822</u>	
	Divided by number of ordinary share	29,981,716	29,981,716	
	NAV	<u>16.76</u>	<u>21.19</u>	
28.00	Earnings Per Share (EPS)			
	EPS	Earnings Attributable to the ordinary shareholder	(132,907,549)	(59,703,410)
		Weight average no. of ordinary shares outstanding	29,981,716	29,981,716
	EPS		<u>(4.43)</u>	<u>(1.99)</u>
	Eps has decreased significantly comparing to last year as a result of lower of sales but there has been excess repair and maintenance cost of machineries due to idle breakdown during the period of pandemic. Our factory is now running wholly on electricity which is more expensive than gas which has triggered further factory overhead.			
29.00	Net Operating Cash Flows per Share (Restated)			
	NOCF per Share	Net Operating Cash Flows	36,176,439	1,664,938
		No. of share outstanding at the end of the year	29,981,716	29,981,716
	NOCF per Share		<u>1.21</u>	<u>0.06</u>

The net operating cash flow has increased significantly as a result of delation of cash payment to expenses and higher depreciation which is non cash transactions.

30.00 Related Party Disclosure

The company, in normal course of business, carried out a number of transactions with other entities that fall within the definition of related party contained in International Accounting Standard 24: Related Party Disclosures. All transactions involving related parties arising in normal course of business related to directors are interest free. Details of transactions with related parties and balances with them as at December 31, 2020 were as follows:

Name of party	Nature of relationship	Nature of transaction	Opening balance	Transaction during the year		Closing balance
				Dr.	Cr.	
	Directors	Loan & Advance	12,505,000	-	1,980,700	14,485,700
			12,505,000	-	1,980,700	14,485,700

31.00 Reconciliation between Net Profit to Operating Cash Flows

Profit/(loss) before tax	(134,351,720)	(24,327,211)
Finance cost	54,172,314	61,291,278
Operating profit	(80,179,406)	36,964,067
Adjustment:		
Interset on lease liability	-	-
Depreciation of right of use asset	492,120	-
Depreciation	27,191,651	24,631,026
Changes in Working capital:		
Payment of lease liability	(93,436)	-
(Increase)/Decrease of inventory	84,853,430	(105,705,367)
(Increase)/Decrease of Trade debt	2,000,000	(5,765,927)
(Increase)/Decrease of Advance, deposit & Prepayment except Advance for	19,979,026	(23,992,560)
Increase/(Decrease) of Liability for expenses & other finance	(17,066,888)	76,058,898
	37,176,497	2,190,138
Tax paid	(1,000,058)	(525,200)
	36,176,439	1,664,938

Safko Spinning Mills Limited
Schedule of Property, Plant and Equipment
As at December 31, 2020

Annexure - A

Particulars	Cost			Rate	Depreciation			WDV at December 31, 2020
	As at July 01, 2020	Addition During the Year	As at December 31, 2020		As at July 01, 2020	Charged during the Year	As at December 31, 2020	
Land and Land Development	4,025,860		4,025,860	0.0%	-	-	-	4,025,860
Factory Building and others Constructions	257,781,675	10,156,700	267,938,375	5.0%	67,802,555	4,749,478	72,552,033	195,386,342
Plant and Machinery	832,072,364	-	832,072,364	7.5%	381,453,736	16,898,199	398,351,934	433,720,430
Generator	93,595,775	-	93,595,775	15.0%	75,774,725	1,336,579	77,111,304	16,484,471
Gas Line Installation	2,237,758	-	2,237,758	15.0%	1,375,056	64,703	1,439,758	798,000
Furniture and Fixtures	5,500,327	-	5,500,327	10.0%	2,565,540	146,739	2,712,280	2,788,047
Transport and Vehicles	2,625,307	-	2,625,307	20.0%	2,520,927	10,438	2,531,365	93,942
Office Equipment	2,969,772	-	2,969,772	15.0%	1,732,789	92,774	1,825,563	1,144,209
Sundry Assets	630,565	-	630,565	10.0%	506,853	6,186	513,038	117,527
Sub-total	1,201,439,403	10,156,700	1,211,596,103		533,732,181	23,305,095	557,037,276	654,558,827

Revaluation of Property, Plant & Equipments

Particulars	Revaluation			Rate	Depreciation			WDV at December 31, 2020
	As at July 01, 2020	Addition During the Year	As at December 31, 2020		As at July 01, 2020	Charged during the Year	As at December 31, 2020	
Land and Land Development	505,974,140		505,974,140	-	-	-	-	505,974,140
Factory Building	225,205,896		225,205,896	5%	70,146,855	3,876,476	74,023,331	151,182,565
Sub-total	731,180,036	-	731,180,036		70,146,855	3,876,476	74,023,331	657,156,705
As at June 30, 2020	1,932,619,439	10,156,700	1,942,776,139		603,879,036	27,181,571	631,060,607	1,311,715,532

Depreciation Charged:

Cost of Production
Administrative

Total

26,925,434
256,137
27,181,571

Safko Spinning Mills Limited

Intangible Assets

As at December 31, 2020

Annexure - B

Particulars	Cost			Rate	Amortisation			WDV at December 31, 2020
	As at July 01, 2020	Addition during the Year	As at December 31, 2020		As at July 01, 2020	Charged during the Period	As at December 31, 2020	
Software	140,000		140,000	20.0%	39,200	10,080	49,280	90,720
As at December 31, 2020	140,000	-	140,000		39,200	10,080	49,280	90,720

Depreciation Charged:	Total
Administrative	10,080
	10,080

Safko Spinning Mills Limited

Schedule of Right of Use Assets

As at December 31, 2020

Annexure - C

Particulars	Cost			Depreciation			WDV at December 31, 2020
	As at July 01, 2020	Addition During the period	As at December 31, 2020	As at July 01, 2020	Charged during the Period	As at December 31, 2020	
Right of use asset	2,952,720		2,952,720	410,100	492,120	902,220	2,050,500
Total	2,952,720	-	2,952,720	410,100	492,120	902,220	2,050,500