

Safko Spinning Mills Limited

Statement of Financial Position

As at December 31, 2022

Particulars	Notes	Amount in Taka	
		December 31, 2022	June 30, 2022
ASSETS			
Non-current Assets			
		1,485,970,804	1,499,430,385
Property, Plant and Equipment	3	1,372,174,663	1,390,881,732
Intangible Assets	4	58,061	64,512
Right of Use Asset	5	328,080	574,140
Investment in Property	6	113,410,000	107,910,000
Current Assets			
		533,290,299	548,639,515
Inventories	7	372,984,935	382,793,612
Trade Debtors	8	59,522,549	61,670,403
Advances, Deposits and Prepayments	9	69,748,788	86,853,731
Investment in FDR	10	12,449,858	12,379,802
Cash and Cash Equivalents	11	18,584,170	4,941,968
Total Assets		<u>2,019,261,103</u>	<u>2,048,069,899</u>
EQUITY AND LIABILITIES			
Shareholders' Equity			
		577,174,504	642,744,705
Share Capital	12	299,817,160	299,817,160
Revaluation Reserve	13	552,228,651	554,088,813
Retained Earnings/(Deficit)		(274,871,307)	(211,161,268)
Non-current Liabilities			
		1,136,613,784	1,112,780,331
Non Current Portion of Term-loan	14.03	1,033,851,920	998,275,871
Deferred Tax Liabilities	15	101,998,102	113,757,562
Lease Liability	17	763,761	746,897
Current Liabilities			
		305,472,814	292,544,863
Current Portion of Term-loan	14.03	243,149,571	234,339,976
Loan from Directors	16	12,505,000	12,505,000
Liabilities for Expenses and Others	18	17,542,287	14,867,300
Unclaimed Dividend Account	19	611,585	611,585
Provision for Tax	20	31,664,372	30,221,002
Total Equity and Liabilities		<u>2,019,261,103</u>	<u>2,048,069,899</u>
Net Assets Value per Share (NAV)	27	19.25	21.44

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


Chairman


Director


Managing Director


Chief Financial Officer


Company secretary


Dated: Dhaka
30th January 2023

Safko Spinning Mills Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 31, 2022

Particulars	Notes	Amount In Taka			
		July 01, 2022 to December 31, 2022	July 01, 2021 to December 31, 2021	October 01, 2022 to December 31, 2022	October 01, 2021 to December 31, 2021
Sales Revenue	21	240,512,067	303,786,325	106,153,245	174,394,025
Cost of Goods Sold	22	(217,737,867)	(248,884,585)	(98,227,560)	(139,861,599)
Gross Profit		22,774,200	54,901,740	7,925,685	34,532,426
Others Operating Income					
Others Income	23	49,468	150,518	49,468	56,480
Administrative and Marketing Expenses	24	(8,730,824)	(9,282,681)	(4,038,336)	(4,625,778)
Operating Profit		14,092,844	45,769,577	3,936,817	29,963,128
Financial Expenses	25	(57,082,793)	(54,091,667)	(28,409,066)	(26,083,396)
Expected credit loss		(8,500,000)		(8,500,000)	
Damaged inventory		(18,400,000)		(18,400,000)	
Profit before Tax and Contribution to WPPF		(69,889,949)	(8,322,090)	(51,372,249)	3,879,732
Contribution to WPPF					-
Profit before Tax		(69,889,949)	(8,322,090)	(51,372,248)	3,879,732
Income Tax Current period	26	(9,987,827)	9,411,828	-	(3,390,456)
Net Profit after Tax		(59,902,122)	1,089,738	(51,372,248)	489,276
Other Comprehensive Income/(Loss)					-
Total Comprehensive Income for the Year		(59,902,122)	1,089,738	(51,372,248)	489,276
Earnings per Share (EPS)	28	(2.00)	0.04	(1.71)	0.02

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


Chairman


Director


Managing Director


Chief Financial Officer


Company secretary

Dated: Dhaka
30th January 2023

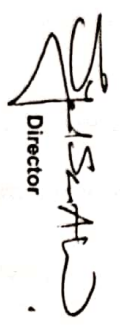
Safko Spinning Mills Limited
Statement of Changes in Equity
For the year ended December 31, 2022

Particulars	Share Capital	General Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on July 01, 2022	299,817,160	-	554,088,814	(211,151,268)	642,744,706
Profit for the year	-	-	-	(59,902,122)	(59,902,122)
Adjustment for Realized Depreciation of Revalued Assets	-	-	(2,188,426)	-	(2,188,426)
Adjustment for Realized Depreciation of Revalued Assets and Deferred Tax	-	-	-	2,188,426	2,188,426
Adjustment for Realized Depreciation of Revalued Assets and Deferred Tax	-	-	328,264	-	328,264
Payout for 5% Cash Dividend	-	-	-	(5,996,343)	(5,996,343)
Balance as on September 30, 2022	299,817,160	-	552,228,652	(274,871,307)	577,174,505

Particulars	Share Capital	General Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on July 01, 2021	299,817,160	3,029,184	557,924,198	(218,022,339)	642,748,133
Profit for the year	-	-	-	1,089,738	1,089,738
Adjustment for Realized Depreciation of Revalued Assets	-	-	(2,256,109)	-	(2,256,109)
Adjustment for Realized Depreciation of Revalued Assets and Deferred Tax	-	-	-	2,256,109	2,256,109
Payout for 5% Cash Dividend	-	(3,029,184)	-	(7,464,222)	(10,493,406)
Balance as on September 30, 2021	299,817,160	-	556,006,506	(222,140,734)	633,682,932

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


Chairman


Director


Managing Director


Chief Financial Officer

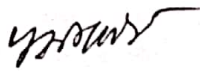

Company Secretary

Date: Dhaka
30th January 2023

Safko Spinning Mills Limited
Statement of Cash Flows
For the year ended December 31, 2022

Particulars	Notes	Amount in Taka	
		July to 01 , 2022 to December 31, 2022	July 01, 2021 to December 31,2021
Cash Flows from Operating Activities			
Collection from Customers and Other Income		248,351,702	283,236,843
Payment to Suppliers, Employees and Other Expenses		(164,854,056)	(251,883,084)
Income tax Paid		-	-
Net Cash Used by Operating Activities		83,497,646	31,353,759
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		-	-
Investment in FDR		-	(122,966)
Investment in Property		(5,500,000)	-
Net Cash Used In Investing Activities		(5,500,000)	(122,966)
Cash Flows from Financing Activities			
Financial Expenses		(57,082,793)	(54,091,667)
Term Loan Receipt/Paid (Net)		(7,272,651)	26,439,016
Dividend		-	(36,000)
Loan From Directors		-	-
Net Cash Flows from Financing Activities		(64,355,444)	(27,688,651)
Net Increase/(Decrease) in Cash and Cash Equivalents		13,642,201	3,542,142
Cash and Cash Equivalents at the Beginning of the Year		4,941,968	8,381,782
Cash and Cash Equivalents at the end of the year		18,584,169	11,923,924
Net Operating Cash Flows per Share	29	2.78	1.05

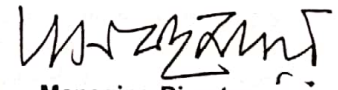
The annexed notes 1 to 31 and Annexure-A, B & C form an integral part of these financial statements.



Chairman



Director



Managing Director



Chief Financial Officer



Company secretary

Dated: Dhaka
30th January 2023

Safko Spinning Mills Limited

Notes to the Financial Statements
For the year ended December 31, 2022

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.

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	3%
Plant and Machinery	5%
Generator	15%
Gas line Installation	15%
Furniture and Fixture	10%
Transport Vehicles	20%
Office Equipment	15%
Sundry Assets	10%

The management has evaluated the useful life of Factory Building & Other Construction and Plant & Machinery after fully capitalization. According to engineers certificate the management has decided to revise the remaining useful life of these assets and accordingly depreciation has been charged to cost of goods sold and administrative expenses consistently.

2.3 Leases:

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.

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 affects 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."

2.14 Trade Debtors

These are carried at original invoice amount. This is considered good and collectable .

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, 2022
- ii. Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Account) for the Quarter ended on December 31, 2022
- iii. Statement of Changes in Equity for the Quarter ended on December 31, 2022
- iv. Statement of Cash Flows for the Quarter ended on December 31, 2022
- v. Accounting Policies and Explanatory notes.

2.21 Revaluation Reserve

When an assets carrying amount is increased as a result 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 absolutely 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 practices 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. There is no such transaction in the year.

2.29 Number of Employees

The number of employees at year end were 449 persons.

2.30 Functional 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, 2021 to December 31, 2022

2.32 Authorization for Issue

The financial statements have been authorized for issue by the Board of Directors on January 30, 2022.

2.33 Comparative Information

Comparative Information have been disclosed in respect of the year on June 30, 2022 for balance sheet and December 31, 2021 for Statement of Profit or loss and other comprehensive income 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 quarter December 31, 2022 has been produced from the last years 3 months financial statements.

2.35 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.

Notes	Particulars	Amount in Taka	
		December 31, 2022	June 30, 2022
3.00	Property, Plant and Equipment		
	Cost of valuation:		
	Balance at the beginning of the year	2,070,372,448	2,070,372,448
	Addition during the year	-	-
	Balance at year end	2,070,372,448	2,070,372,448
	Accumulated depreciation:		
	Balance at the beginning of the year	679,490,716	640,089,988
	Addition during the year	18,707,069.06	39,400,728
	Balance at year end	698,197,785	679,490,716
	WDV at the year end	1,372,174,663	1,390,881,732
	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	140,000	140,000
	Accumulated depreciation:		
	Balance at the beginning of the year	75,488	59,360
	Addition during the year	6,451	16,128
	Balance at year end	81,939	75,488
	WDV at the year end	58,061	64,512
	The details Intangible Assets has been shown in Annexure - B.		
5.00	Right of use Asset		
	Cost:		
	Balance at the beginning of the year	2,952,720	2,952,720
	Add: Addition during the year	-	-
	Balance at year end	2,952,720	2,952,720
	Depreciation:		
	Balance at the beginning of the year	2,378,580	1,394,340
	Add: Depreciation charged during the year	246,060	984,240
	Balance at year end	2,624,640	2,378,580
	WDV at the year end	328,080	574,140
	The details Right of Use Asset has been shown in Annexure-C.		
6.00	Investment in Property		
	Balance at the beginning of the year	113,410,000	-
	Add: Addition during the year	-	107,910,000
	Balance at year end	113,410,000	107,910,000
	The company has given advance for land of Tk. 9.9 crore. The seller has given the possession of the said land and agreed to register the land after full payment vide agreement dated. 3rd December, 2019. As the company has paid the major purchase consideration and desires for development for future gain, the said advance transferred to investment in property as per IAS 40- Investment Property.		
7.00	Inventories		
	Raw Cotton	292,253,281	303,828,823
	Polyester Staple Fiber	21,859,870	21,859,870
	Stores and Spares	5,829,934	7,739,093
	Packing Materials	4,539,485	5,823,286
	Work in Process	25,478,378	27,558,555
	Finished goods	23,023,987	15,983,985
	Total	372,984,935	382,793,612

Notes	Particulars	Amount in Taka	
		December 31, 2022	June 30, 2022
11.02	Cash at Bank		
	JBL HO- A/C. No. 0100108538184	1,171	1,171
	Dhaka Bank- A/C. No. 2011000004364	17,943	17,944
	JBL CD (nowapara)- A/C. No. 03400320000092	58,130	58,274
	Pubali bank- A/C. No. 0565901026331	2,135	2,135
	NRB CD- A/C. No. 1012010037293	1,014	1,359
	Premier Bank- A/C. No. 18911100000021	1,112	1,630
	Bank Asia CD- A/C. No. 00233012023	-	211
	DBBL- A/C. No. 11611022287	7,030	7,030
	Dhaka Bank Limited Ac. No.-2011000006846-Dividend Account	492,438	492,438
		<u>580,973</u>	<u>582,192</u>
	Dormant Account:		
	JBL STD A/C.	-	33,050
		<u>580,973</u>	<u>615,242</u>

STD A/C with JBL has been dormant and hence the balance in these bank account is not readily useable.

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
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Add: Bonus share (stock Dividend)

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29,981,716 Ordinary Shares of Tk. 10 each

<u>299,817,160</u>	<u>299,817,160</u>
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Notes	Particulars	Amount in Taka	
		December 31, 2022	June 30, 2022
13.00	Revaluation Reserve		
	Opening Revaluation Reserve	554,088,813	557,924,198
	Addition During the Year	-	-
	Adjustment for Realized Depreciation of Revalued Assets	(2,188,426)	(4,512,218)
	Adjustment for Deferred Tax for Revaluation Reserve	328,264	676,833
		<u>552,228,651</u>	<u>554,088,813</u>
14.00	Term Loan		
	Opening Balance		1,189,496,033
	Addition During the year		-
	Interest charged during the year		125,192,794
	Paid during the year		(82,072,980)
		<u>-</u>	<u>1,232,615,847</u>
14.01	Term Loan Bank Asia		
	Opening Balance		1,005,297,734
	Addition During the year		-
	Interest charged during the year		108,677,787
	Paid during the year		(35,409,000)
	Balance at the end of the year	<u>-</u>	<u>1,078,566,521</u>

Notes	Particulars	Amount in Taka	
		December 31, 2022	June 30, 2022
14.02	Term Loan Premier Bank		
	Opening Balance		184,198,299
	Addition During the year		16,515,006
	Interest charged during the year		(46,663,980)
	Paid during the year		154,049,326
	Balance at the end of the year		
14.03	Maturity of Term-loan		234,339,976
	Payment fall due within one year		998,275,872
	Payment fall due after one year		1,232,615,847
15.00	Deferred Tax Liabilities		
	<u>A. Property Plant and Equipment</u>		
	Property, Plant and Equipment at Accounting base	722,551,958	739,077,053
	Property, Plant and Equipment at Tax base	434,359,397	451,332,687
	Temporary difference	288,192,561	287,744,366
	Tax rate	15%	15%
	Deferred Tax Liabilities	43,228,884	43,161,655
	<u>B. Calculation of deferred tax on Unused Tax Losses</u>		
	Unabsorbed depreciation for the year	(249,385,978)	(181,229,808)
	Bad debt provision	(8,500,000)	
		(257,885,978)	(181,229,808)
	Tax rate	15%	15%
	Deferred tax assets	(38,682,897)	(27,184,471)
	<u>C. Calculation of deferred tax on revaluation on property plant and equipment</u>		
	Revalued value of land	505,974,140	505,974,140
	Revalued value of other than land	143,706,625	145,895,051
	<u>Tax rate</u>		
	On land	15%	15%
	On other than Land	15%	15%
	<u>Deferred tax liabilities</u>		
	For land	75,896,121	75,896,121
	For other than Land	21,555,994	21,884,258
		97,452,115	97,780,379
	Total Deferred Tax Liabilities (A+B+C)	101,998,102	113,757,562
15.01	<u>Deferred Tax Expenses/(Income) for the year</u>		
	Deferred tax liability other than revalued assets as at December 31, 2022 (A+B)	4,545,987	15,977,184
	Deferred tax liability other than revalued assets as at June 30, 2022 (A+B)	15,977,184	23,552,221
	Net increased in deferred tax expenses for other than revalued assets for the year	(11,431,196)	(7,575,037)
16.00	Loan from Directors		
	Opening Balance	12,505,000	12,505,000
	Add: Addition During the period		-
	Less: Paid during the period		-
		12,505,000	12,505,000

Notes	Particulars	Amount in Taka	
		December 31, 2022	June 30, 2022
17.00	Lease Liability		
	Opening Balance		1,783,355
	Add: Addition during the year	746,897	-
	Add: Finance Cost	16,864	112,824
	Less: Payment during the period		(1,149,281)
		<u>763,761</u>	<u>746,897</u>
18.00	Liabilities for Expenses and Others		
	Electricity Charge	8,347,064	5,672,077
	Audit fees	517,500	517,500
	WPPF	8,414,493	8,414,493
	Workes wellfare fund	68,201	68,201
	VAT Liability	137,729	137,729
	Rent Expense	24,300	24,300
	Service Charge	15,000	15,000
	Security Service	18,000	18,000
		<u>17,542,287</u>	<u>14,867,300</u>
19.00	Unclaimed Dividend Account		
	Opening Balance	611,585	37,096
	Addition:		10,493,406
		<u>611,585</u>	<u>10,530,502</u>
	Payment during the year		9,918,917
	Closing Balance	<u>611,585</u>	<u>611,585</u>
As per deration of BSEC the company deposited 36,000 tk on August 31, 2021 for the purpose of transferring the amounts held against unclaimed or undistributed or unsettled dividend in cash to the Capital Market Stabilization Fund (CMSF).			
20.00	Provision for Tax		
	Opening Balance	30,221,002	42,369,276
	Add :Previous years (After Assessment)		(11,229,922)
	Add: Addition during the year	1,443,369.21	1,581,939
		<u>31,664,372</u>	<u>32,721,292</u>
	Less: Adjustment during the year		(2,500,290)
		<u>31,664,372</u>	<u>30,221,002</u>

31.00 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 are conducted on an arm's length basis at commercial rates, other than sister concern current account balance which is interest free, on the same terms and conditions as applicable to the third parties. Details of transactions with related parties and balances with them as at March 31, 2021 were as follows:

Name of party	Nature of relations	Nature of transaction	Opening balance	Transaction during the year		Closing balance
				Dr.	Cr.	
Loan from Directors	Directors	Loan	12,505,000			12,505,000
Total			12,505,000	-	-	12,505,000

Safko Spinning Mills Limited

Schedule of Property, Plant and Equipment
As at December 31, 2022

Annexure - A

Particulars	Cost		Rate	Depreciation		WDV at September 30, 2022
	As at July 01, 2022	Addition During the Quarter		As at December 31, 2022	Addition During the Quarter	
Land and Land Development	4,025,860		0.0%		-	4,025,860
Factory Building and others Constructions	345,942,693		3.0%	3,963,908	85,646,088	260,296,605
Plant, Machinery & Factory Equipment	881,664,355		5.0%	11,344,731	439,219,836	442,444,518
Generator	93,595,775		15.0%	965,678	81,685,745	11,910,030
Gas Line Installation	2,237,758		15.0%	46,748	1,661,203	576,555
Furniture and Fixtures	5,500,327		10.0%	118,859	3,242,009	2,258,318
Transport and Vehicles	2,625,307		20.0%	6,680	2,565,184	60,123
Office Equipment	2,969,772		15.0%	67,029	2,143,081	826,691
Sundry Assets	630,565		10.0%	5,010	535,368	95,197
Sub-total	1,339,192,412	-		16,518,643	616,698,515	722,493,897

Revaluation of Property, Plant & Equipments

Particulars	Revaluation		Rate	Depreciation		WDV at September 30, 2022
	As at July 01, 2022	Addition During the Quarter		As at December 31, 2022	Addition During the Quarter	
Land and Land Development	505,974,140		-		-	505,974,140
Factory Building	225,205,896		3%	2,188,426	81,499,271	143,706,625
Sub-total	731,180,036	-		2,188,426	81,499,271	649,680,765
As at December 31, 2021	2,070,372,448	-		18,707,069	698,197,785	1,372,174,663

Depreciation Charged:

Cost of Production
Administrative

Total
18,509,491
197,579
18,707,069

Safko Spinning Mills Limited

Schedule of Right of Use Assets

As at December 31, 2022

Annexure C

Particulars	Cost			Depreciation			WDV at June 30, 2020
	As at July 01, 2022	Addition During the Quarter	As at December 31, 2022	As at July 01, 2019	Charged during the Year	As at June 30, 2020	
Right of use asset	2,952,720		2,952,720	2,378,580	246,060	2,624,640	328,080
Total	2,952,720	-	2,952,720	2,378,580	246,060	2,624,640	328,080