INDEPENDENT AUDITORS' REPORT & FINANCIALS 2019-2020 KDS ACCESSORIES LIMITED AS AT 30 JUNE 2020



Hoda Vasi Chowdhury & Co

To The Shareholders KDS Accessories Limited 191-192, Baizid Bostami Road Nasirabad I/A, Chattogram-4210 Bangladesh

Audited Financial Statements Of

KDS ACCESSORIES LIMITED For the Year Ended 30 June 2020

National Office: BTMA Bhaban (8th Floor), 7-9 Karwan Bazar Commercial Area, Dhaka- 1215, Bangladesh Chittagong Office: Delwar Bhaban - 4th Floor, 104 Agrabad Commercial Area, Chittagong- 4100, Bangladesh

Hoda Vasi Chowdhury & Co Chartered Accountants

INDEPENDENT AUDITORS' REPORT

to the Shareholders of

KDS ACCESSORIES LIMITED

Opinion

We have audited the accompanying financial statements of **KDS ACCESSORIES LIMITED** (the Company), which comprise the Statement of Financial Position as at 30 June 2020, 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, together with the notes numbering 01 to 42 annexed thereto.

In our opinion and to the best of our information and according to explanations given to us, the accompanying Financial Statements, prepared in accordance with International Financial Reporting Standards (IFRSs), give a true and fair view of the financial position of the company as at 30 June 2020 and of its financial performance and cash flows for the period from 1 July 2019 to 30 June 2020 and comply with the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

Basis of opinion

We conducted our audit in accordance with International Standard on Auditing (ISAs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Our responsibilities under those standards are further described in "Auditors 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) 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 are sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 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.

L.Image: Construct of the second	S	Key Audit Matters	How our audit addressed the key audit matter
Revenue of TK.1,922,326,909 is recognized in the income statement of KDS Accessories Limited for the year ended 30 June 2020. We identified revenue recognition as a key audit matter because revenue is one of the key performance indicator of the company and	L.		
	1.	Revenue of TK.1,922,326,909 is recognized in the income statement of KDS Accessories Limited for the year ended 30 June 2020. We identified revenue recognition as a key audit matter because revenue is one of the key performance indicator of the company and	we assessed the Company's processes and controls for recognizing revenue as part of our audit. Furthermore, in order to mitigate the inherent risk in this area, our audit approach included testing of the controls and

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2	manipulation of the timing of recognition of revenue by management to meet specific targets or expectations. As described in the accounting policy 3.16 to the financial statements, the company recognizes revenue upon transfer of control as per IFRS 15 – Revenue from Contract with Customers.	We evaluated the Company's accounting policies pertaining to revenue recognition and assessed compliance with the policies in terms of IFRS 15 – Revenue from Contracts with Customers. We identified and tested controls related to revenue recognition and our audit procedure focused on assessing the invoicing and measurement systems up to entries in the general ledger. Examining customers invoices and receipts of payment on a sample basis. We conducted substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents including sales invoices and challans. In addition, we confirmed certain customers' receivable balances at the reporting date, selected on a sample basis by considering the amounts outstanding with those customers. Furthermore, we tested the sales transactions recognized shortly before and after the reporting date, including the sales returns recorded after that date, to examine whether sales transactions were recorded in the correct recording periods.
	Inventories represent about 17.17%, of the total assets of the Company; inventories are thus a material item to the financial statements. Please refer to note 09 to the financial statements. As described in the accounting policy note 3.07 to the financial statements, inventories are valued at the lower of the cost or net realizable 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. Due to the value and volume of inventories being held by the Company at the reporting date and complexities involved in the accounting and presentation thereof, inventories has been considered as a key audit matter.	 Tested the operating effectiveness of key controls over inventories; including observing the process of management's year-end inventory count. Verified a sample of inventory items to ensure that costs have been appropriately recorded. Tested on a sample basis the net realisable value by comparing costs to recent selling prices and assessing the reasonableness of any resulting write down of inventory items. Assessed whether appropriate provision have been recognized 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. Performed cut-off tests to determine that the purchase and sales of the inventories have been considered in the correct accounting period. Reviewed the historical accuracy of inventory provision and the level of write downs.
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3	Property Plant and Equipment	Our audit procedure in this area included, among
		others;
	The company has a large number of Property, Plant and Equipment items. In	Assessing the consistency of methodologies was for
	view of availability of latest machinery	Assessing the consistency of methodologies use for depreciating the assets;
	due to improve technology, the	depreciating the assets,
	obsolescence & impairment may be noticed in existing machineries.	Checking on a sample basis, the accuracy and relevance of the accounting of PPE by management; and
	Management has concluded that there is	5
	no impairment in respect of all assets. This conclusion required significant management judgment. Hence we considered this to be key audit matter.	For selected samples, performing physical observation to assess management's determination on whether the equipment is obsolete, and testing the assumptions used in estimating recoverable amount, such as estimated useful life and replacement cost.
		Examine management's periodic review of Property, Plant and Equipment for determination of impairment and obsolescence.
4	Measurement of Deferred Tax	Our audit procedures in this area included, among
	The Company recording deferred taxes	others.
	The Company recognizes deferred taxes relating to property, plant and equipment, investment in associates and employee benefits (Gratuity), which are very complex in nature.	 Assessed the design, implementation and operating effectiveness of key controls in respect of the company and the process of recognition of deferred taxes. Using our own tax specialists to evaluate the
	As such accounting for deferred taxes	tax bases and company tax strategy.
	involves management judgment in developing estimates of tax exposures and	 Assessed the accuracy and completeness of
	contingencies in order to assess the adequacy of tax provision. Hence, we	deferred tax, and
	considered this to be a key audit matter.	Evaluating the adequacy of the financial statements disclosures, including disclosures of assumptions, judgments and sensitivities. We involved tax specialists to assess key assumptions, control recognition and measurement of deferred tax liabilities(Assets).

Reporting on other information

The financial statements of the company for the year ended 30 June 2019 were audited by Hussain Fathad & Co. Chartered Accountants and issued unmodified opinion on 08 September 2019.

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

Management is responsible for the preparation and fair presentation of these financial statements of the Company in accordance with International Financial Reporting Standards (IFRSs), the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

(a) 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.

(b) 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.

(c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) 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.

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(f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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 communicate with 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 in dependence, and where applicable, related safeguards.

We determine those matters, from the matters communicated with those charged with governance, 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 auditors' 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:

- i) 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;
- ii) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books and;
- iii) 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 account and returns.
- iv) the expenditure incurred was for the purposes of the Company's business.

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HODA VASI CHOWDHURY & CO CHARTERED ACCOUNTANTS

Signed By: Showkat Hossain FCA Senior Partner

KDS ACCESSORIES LIMITED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note(s)	30 June 2020 Taka	30 June 2019 Taka
ASSETS	11010(3)	1 ana	I ana
NON-CURRENT ASSETS		1,267,648,743	1,371,327,718
Property, plant and equipment	4	1,215,343,500	1,303,884,221
Intangible assets	5	880,906	952,397
Capital work-in-progress	6	-	12,847,598
Investment in associate	7	45,859,477	48,327,650
Other investment	8	5,564,860	5,315,852
CURRENT ASSETS		2,043,246,131	1,906,835,257
Inventories	9	568,639,804	469,273,711
Trade receivables	10	934,575,587	1,098,372,683
Other receivables	10	1,391,682	391,548
Advances, deposits and prepayments	11	64,941,150	46,499,788
Due from affiliated companies	12	273,803,670	273,722,099
Short term investment	15	9,895,747	9,327,332
Cash and cash equivalents	15	189,998,491	9,248,096
TOTAL ASSETS	19	3,310,894,874	3,278,162,975
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY		1,654,527,148	1,572,910,769
Share capital	16	662,161,500	630,630,000
Share premium		120,000,000	120,000,000
Revaluation reserve		214,391,703	214,391,703
Retained earnings	이 이 가지 않았다.	657,973,945	607,889,066
NON-CURRENT LIABILITIES		146,125,621	287,926,972
Long term borrowings	17.01	14,610,040	167,829,216
Defined benefit obligation- gratuity	18	90,799,401	76,083,015
Deferred tax liability	19	40,716,180	44,014,741
CURRENT LIABILITIES		1,510,242,105	1,417,325,234
Trade and other payables	20	791,706,989	558,458,901
Current portion of long term borrowings	17.01	59,382,368	150,891,654
Current tax liability	21	40,479,550	43,446,375
Short term bank loan	22	542,111,982	590,432,585
Provision for WPPF and Welfare Fund	23	76,561,217	74,095,719
TOTAL EQUITY AND LIABILITIES		3,310,894,874	3,278,162,975
Net Assets Value Per Share	32.03	24.99	24.94

These financial statements should be read in conjunction with the annexed notes and were approved by the Board of Directors on 13 Octates 2020 and were signed on its behalf by:

Managing Director

15 OCT 2020

Director

Company Secretary

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HODA VASI CHOWDHURY & CO CHARTERED ACCOUNTANTS

Signed By: Showkat Hossain FCA Senior Partner

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KDS ACCESSORIES LIMITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note(s)	30 June 2020 Taka	30 June 2019 Taka
Revenue	24	1,922,326,909	2,302,159,637
Cost of goods sold	25	(1,499,651,072)	(1,884,155,618)
Gross Profit		422,675,837	418,004,019
Operating expenses	26	(134,226,944)	(135,820,080)
Selling and distribution expenses	27	(51,194,793)	(56,599,282)
Operating Profit		237,254,100	225,584,657
Finance cost	28	(101,634,278)	(130,101,160)
Finance income	29	45,668,239	79,974,391
Profit before other income		181,288,061	175,457,888
Other income	30	2,643,473	5,086,143
Profit/(loss) from investment in associates	7.02	(2,468,173)	61,846
Profit before income tax and distribution of WPPF and Welfa	re Fund	181,463,361	180,605,877
Workers' Profit Participation and Welfare Fund	23	(9,073,168)	(9,030,294)
Profit before income tax		172,390,193	171,575,583
Provision for income tax:			
-Current tax	21	(31,009,375)	(33,120,479)
-Deferred tax	19	3,298,561	(14,887)
Profit after Income Tax		144,679,379	138,440,217
Other Comprehensive Income			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
Other Comprehensive Income - net of tax		-	-
Total Comprehensive Income		144,679,379	138,440,217
Earnings Per Share (Basic)	32.01	2.18	2.09

These financial statements should be read in conjunction with the annexed notes and were approved by the Board of Directors on 13 October 2020 and were signed on its behalf by:

Managing Director

0 0 Director

11 **Company Secretary**

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HODA VASI CHOWDHURY & CO CHARTERED ACCOUNTANTS

Signed By: Showkat Hossain FCA Senior Partner

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Annual Report 2019-2020

KDS ACCESSORIES LIMITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

					Amount in Taka
Particulars	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total Equity
Balance as on 01 July 2018	600,600,000	120,000,000	214,391,703	559,538,849	1,494,530,552
Bonus share for the year 2017-2018	30,030,000	-	-	(30,030,000)	
Cash dividend for the year 2017-2018	-	-	-	(60,060,000)	(60,060,000)
Net Profit after tax for the year	-	-	-	138,440,217	138,440,217
Balance as at 30 June 2019	630,630,000	120,000,000	214,391,703	607,889,066	1,572,910,769
Balance as on 01 July 2019	630,630,000	120,000,000	214,391,703	607,889,066	1,572,910,769
Bonus share for the year 2018-2019	31,531,500	-	-	(31,531,500)	
Cash dividend for the year 2018-2019	-	-	-	(63,063,000)	(63,063,000)
Net Profit after tax for the year	-	-	-	144,679,379	144,679,379
Balance as at 30 June 2020	662,161,500	120,000,000	214,391,703	657,973,945	1,654,527,148

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Company Secretary

KDS Accessories Limited

KDS ACCESSORIES LIMITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note(s)	30 June 2020 Taka	30 June 2019 Taka
A. Operating activities			
Received from customers		2,095,597,938	2,361,167,442
Received from other sources		1,108,640	3,435,183
Paid to suppliers		(1,320,400,325)	(1,996,571,842)
Paid for operating expenses		(143,065,432)	(126,339,037)
Cash generated by operations	31.00	633,240,821	241,691,746
Interest paid (net)		(58,858,088)	(82,484,931)
Income Tax Paid		(36,596,027)	(31,949,450)
Net cash flows from operating activities		537,786,706	127,257,365
B. Investing activities			
Acquisition of property, plant and equipment		(603,465)	(35,179,286)
Addition to intangible assets		(379,500)	-
Proceed from sale of non-current assets		612,008	1,734,000
Increase in investments		(817,423)	(901,681)
Net cash flows from investing activities		(1,188,380)	(34,346,967)
C. Financing activities			
Dividend Paid		(62,895,304)	(59,907,195)
Receipt / (Repayment) of long term loans		(244,728,462)	114,579,384
Payment of short term borrowings		(48,320,603)	(252,168,221)
Short term loan Receipt/(paid) to affiliated companies		(81,571)	107,471,985
Net cash flows from financing activities		(356,025,940)	(90,024,047)
D. Net changes of cash and cash equivalents (A+B+C	3)	180,572,386	2,886,351
E. Cash and cash equivalents at the beginning of the year		9,248,096	6,082,955
F. Effect of foreign exchange rate changes on cash and cash	sh equivalents	178,009	278,790
G. Cash and cash equivalents at the end of the year (I	0+E+F)	189,998,491	9,248,096
Net operating cash flows per share	32.04	8.12	2.02
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1 -Managing Director

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KDS ACCESSORIES LIMITED Notes to the Financial Statements As at and for the year ended 30 June 2020

1.00 REPORTING ENTITY

1.01 Formation and Legal Status

KDS Accessories Limited (formerly KDS Packaging Industries Ltd.) was incorporated on 21 April 1991 as a private limited company by shares (Registration no- C-H-C-862/154 of 1991) under Companies Act 1913 (since replaced and substituted by the Companies Act 1994) with the Registrar of Joint Stock Companies & Firms. The company was converted from Private Limited Company to Public Limited Company through an Extra-Ordinary General Meeting held on 17 April 2012 and was subsequently approved by RJSC on 26 November 2012. The Company commenced its commercial production on 01 July 1991. Its Head Office is located at 255, Nasirabad I/A, Chattogram and factory is located at 191-192 Baizid Bostami Road, Nasirabad I/A, Chattogram and the Company established its 2nd unit at Mirzapur, Gazipur at Dhaka in the year 2009. The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) as a publicly quoted company. Trading of the shares of the company started in two stock exchanges from 15 October 2015.

The name KDS Packaging Industries Ltd. was changed to KDS Accessories Limited pursuant to the Special Resolution in the Extra Ordinary General Meeting held on 22 April 2010. The change of name was certified by the Registrar of Joint Stock Companies and Firms on 11 May 2010 pursuant to the provision of section 11, sub-section (7) of the Companies Act 1994 (Act XVIII of 1994). The company refixed the face value of its shares from Tk. 100 to Tk. 10 each and enhanced its Authorized Share Capital from Tk. 200,000,000 to Tk. 2,000,000,000 with approval of the shareholders through an Extra-Ordinary General Meeting held on 10 August 2010.

1.02 Nature of Business

The principal activities of the Company are producing different types of standard cartons, display cartons, woven labels, smart labels, offset, silk

screen, web thermal printing, button, cold peel, hot peel, puff, glitter, hanger, image and sublimation transfers and marketing thereof.

1.03 Description of Associates

(i) Formation and Legal Status of SKYS Securities Limited

SKYS Securities Limited is an associate of the company having 46.69% holding in paid up capital. It was incorporated on 17 June 1997, vide the certificate CH-2675 of 1997 and commenced operation on 01 January 2006. Paid up capital at the reporting date stands at Tk. 50,132,000 (50,132 shares @ Tk. 1,000 each).

(ii) Nature of Business

The principal activities of the company is stock broking as member of Chittagong Stock Exchange Limited (CSE) an allied service under Securities & Exchange Commission's Rules and Regulations.

2.00 BASIS OF FINANCIAL STATEMENT PREPARATION AND PRESENTATION

2.01 Statement of Compliance

The financial statements of the company under reporting have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh.

2.02 Basis of Reporting

The financial statements are prepared and presented for external users by the company in accordance with identified financial reporting framework. Presentation has been made in compliance with the requirements of IAS 1 -"Presentation of Financial Statements". The financial statements comprise of:

- a) A statement of Financial Position as at 30 June 2020;
- b) A statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020;
- c) A statement of Changes in Equity for the year ended 30 June 2020;
- d) A statement of Cash Flows for the year ended 30 June 2020; and
- e) Notes, comprising a summary of significant accounting policies and explanatory information.



2.03 Regulatory Compliances

As required, KDS Accessories Limited complies with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

- The Income Tax Ordinance 1984 a)
- The Income Tax Rules 1984 b)
- The Value Added Tax Act 2012 c) d)
- The Value Added Tax Rules 2016 Securities and Exchange Ordinance 1969 e)
- The Customs Act 1969 f)
- The Labour Act 2006 (as amended in 2013) g)

2.04 Authorization for Issue

The financial statements were authorized for issue by the Board of Directors on 13.10.2020.

2.05 Basis of Measurement

The financial statements have been prepared on going concern basis under the historical cost convention except for land and land development of property, plant and equipment which is measured at revalued amount and inventories which are measured at lower of cost and net realisable value.

2.06 Functional and Presentation Currency

The financial statements are expressed in Bangladesh Taka which is both functional currency and reporting currency of the Company. The figures of financial statements have been rounded off to the nearest Taka.

2.07 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 operating activities have been presented under direct method. A reconciliation of net income or net profit with cash flows from operating activities making adjustments for non-cash items, for non-operating items and for the net changes in operating accruals as per requirement of Securities and Exchange Rules 1987.

2.08 Going Concern

The company has adequate resources to continue its operation in foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current revenue generations and resources of the company provide sufficient fund to meet the present requirements of its existing business and operation.

2.09 Reporting Period

IFRS-16

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The financial statements of the company covers one year from 01 July to 30 June and is followed consistently.

2.10 Application of Accounting Standards

The financial statements have been prepared in compliance with requirement of IASs (International Accounting Standards) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as applicable in Bangladesh. The following IASs and IFRSs are applied to preparation of the financial statements for the year under report:

Accounting Standards

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IAS-1	Presentation of Financial Statements
IAS-2	Inventories
IAS-7	Statement of Cash Flows
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS-10	Events after the Reporting Period
IAS-12	Income Taxes
IAS-16	Property, Plant and Equipment
IAS -19	Employee Benefits
IAS-21	The Effects of Changes in Foreign Exchange Rate
IAS-23	Borrowing Costs
IAS-24	Related Party Disclosures
IAS-26	Accounting and Reporting by Retirement Benefit Plans
IAS-28	Investments in Associates and Joint Ventures
IAS-33	Earnings Per Share
IAS-36	Impairment of Assets
IAS-37	Provisions, Contingent Liabilities and Contingent Assets
IAS-38	Intangible Assets
IFRS-7	Financial Instruments: Disclosures
IFRS-9	Financial Instruments
IFRS-13	Fair Value Measurement
IFRS-15	Revenue from Contract with Customers



2.11 Use of Estimates and Judgements

The preparation of these financial statements is in conformity with IAS and IFRS requires management to make judgements, estimates and assumptions that affect the application of 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 on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note: 4 Property, plant and equipment

- Note: 5 Intangible assets
- Note: 9 Inventories

Note: 10 Trade receivables

Note: 18 Defined benefit obligation- gratuity

- Note: 19 Deferred tax liability
- Note: 21 Current tax liability

2.12 Preparation and Presentation of Financial Statements of the Company

The Board of Directors of KDS Accessories Limited is responsible for the preparation and presentation of financial statements of the Company.

2.13 Comparative Information and reclassification

Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive

information when it is relevant for understanding of the current period financial statements. To facilitate comparison, certain relevant balances

pertaining to the previous period have been rearranged/reclassified wherever considered necessary to conform to current periods presentation.

3.00 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the period and were also consistent with those used in earlier periods.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the IAS-1 "Presentation of Financial Statements". The recommendations of IAS-1 relating to the format of financial statements were also taken into full consideration for fair presentation.

Set out below is an index of the significant accounting policies, the details of which are available on the following:

- 3.01 Consistency
- 3.02 Property, Plant and Equipment
- 3.03 Intangible Assets
- 3.04 Capital Work-in-Progress
- 3.05 Leasehold Assets
- 3.06 Investment in Associates
- 3.07 Inventories
- 3.08 Financial Instruments
- 3.09 Impairment
- 3.10 Share Capital
- 3.11 Revaluation Reserve
- 3.12 Employee Benefits
- 3.13 Taxation
- 3.14 Loans and Borrowings
- 3.15 Provisions, Contingent Liabilities and Contingent Assets
- 3.16 Revenue Recognition
- 3.17 Operating Income
- 3.18 Finance Income and Cost
- 3.19 Foreign Currency Transaction / Translation
- 3.20 Related Party Transactions
- 3.21 Earnings Per Share (EPS)
- 3.22 Measurement of Fair Values
- 3.23 Events after the Reporting Period



3.01 Consistency

Unless otherwise stated, the accounting policies and methods of computation used in preparation of Financial Statements for the year ended 30

June 2020 are consistent with those policies and methods adopted in preparing the financial statements for the year ended 30 June 2019.

3.02 Property, Plant and Equipment

i) Recognition and Measurement

Property, plant and equipment are stated at cost less accumulated depreciation except land and land development which are carried at revalued amount and subsequent impairment losses , if any.

Cost includes expenditure that is directly attributable to the acquisition of asset. The cost of self constructed asset includes the cost of material and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

ii) Pre-Operating Expenses and Borrowing Costs

Interest and other incurred by the company in respect of borrowing of fund are recognized as expenses in the year in which they incurred unless the activities that are necessary to prepare the qualifying assets for its intended use are in progress. Expenses capitalized also include applicable borrowing cost considering the requirement of IAS-23 "Borrowing Costs".

iii) Subsequent Costs and Maintenance Activities

The company recognizes in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when the cost is incurred, it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repair and maintenance is normally charged off as revenue expenditure in the year in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized to the profit and loss account as expenses if incurred. All upgradation /enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

iv) Revaluation of Property, Plant and Equipment

Financial statement of the company has been prepared on historical cost price basis. However, the prices of land have been increased substantially during the last few years due to high inflationary trend. In this circumstance, management of KDS Accessories Limited had decided to determine fair market value of the land through revaluation. Syful Shamsul Alam & Co, Chartered Accountants had revalued the lands of the company as on 31 December 2012, following "current cost method". Such revaluation resulted in a valuation surplus aggregating Tk. 214,391,703.

v) Depreciation

Land is held on a freehold basis and is not depreciated considering the unlimited life. In respect of all other property, plant and equipment, depreciation is recognized in the statement of profit or loss and other comprehensive income on straight line method over the estimated useful lives of property, plant and equipment.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at earlier of the date that the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognised. The depreciation method used reflects the pattern in which the asset's economic benefits are consumed by the entity. After considering the useful life of assets as per IAS-16 "Property, plant and equipment", the annual depreciation have been applied equal allocation of total cost over useful life of assets which is considered reasonable by the management.

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

Upon retirement of assets, the cost and related accumulated depreciation are eliminated from the accounts and resulting gain or loss is charged or credited to statement of profit or loss and other comprehensive income.

vi) Impairment of Assets

The company reviews the recoverable amount of its assets at each reporting date. If there exists any indication that the carrying amount of assets

exceeds the recoverable amount, the company recognizes such impairment loss in accordance with IAS-36 "Impairment of Assets".

vii) Retirement and Disposals

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. On disposal of property, plant & equipment, the cost and accumulated depreciation are eliminated. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the assets and is recognized as gain or loss from disposal of asset under other income in the statement of profit or loss and other comprehensive income.



3.03 Intangible Assets

i) Recognition and Measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible asset is recognized when all the conditions for recognition as per IAS 38 Intangible assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

ii) Amortization

Amortization is recognized in the statement of profit or loss and other comprehensive income on straight line method at the rate of 20% to 33.33% per annum. Amortization is charged on an asset when the asset is available for use i.e. when it is in the location and condition necessary

for it to be capable of operating in the manner intended by management. Amortization of an asset ceases at earlier of the date that the asset is

classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognised.

iii) Subsequent Cost

Subsequent cost is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss and other comprehensive income as incurred.

3.04 Capital Work-in-Progress

Capital work-in-progress represents the cost incurred for acquisition and/or construction of property, plant and equipment that were not ready for use at the end of 30 June 2020 and these are stated at cost.

3.05 Leasehold Assets

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.

The Objective of IFRS 16 is to report information that (a) faithfully represents lease transactions and (b) Provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities arising from a lease.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required or recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

During the year the Company (KDS Accessories Limited) has no lease obligation.

3.06 Investment in Associates

The company's investment in associates is accounted for in the financial statements using the Equity Method in accordance with IAS 28: Investment in Associates & Joint Ventures'. Investment in an associate is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition which is classified as non-current assets in the statement of financial position. The investor's share of investee's profit or loss is recognized in the investor's profit or loss. Adjustment after the date of acquisition to the carrying amount has been made for changes in the investor's proportionate interest in the investee that arising from the revaluation of property, plant & equipment and from foreign currency translation differences. The investor's share of those changes is recognized in other comprehensive income of the investor.

The excess of company's share of net assets' value of associates over cost of investments has been recognized in the statement of profit or loss and other comprehensive income as share of associate's profit or loss during the year following the provisions of IAS 28.

Unrealized gains and losses arising from transactions with associate are eliminated against the investment to the extent of the company's interest in investee.

3.07 Inventories

i) Nature of Inventories

Inventories comprise of raw materials, work-in-process, finished goods, stores & spares and goods in transit.

ii) Valuation of Inventories

Inventories are measured at lower of cost or net realizable value in accordance with the Para of 21 and 25 of IAS-2 "Inventories" after making due allowance for any obsolete or slow moving item and details of valuation are as follows:

	Category	Valuation method
i)	Raw materials	Valued at Cost or Net Realisable Value whichever is lower.
ii)	Finished goods	Valued at Cost or Net Realisable Value whichever is lower.
iii)	Goods-in-transit	Valued at Cost.
iv)	Stores and spares	Based on weighted average method.
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v) Work-in-process Valued at Cost or Net Realisable Value whichever is lower.



3.08 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.

3.08.01 Financial Assets

The Company initially recognizes loans, receivables and deposits on the date that they are originated. All other financial assets are recognized

initially on the date at which the company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Financial assets include Trade Receivables, Others Receivables, Advances, Deposits and Prepayments , Short Term Investments, and Cash and cash equivalents.

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost.

Loans and receivables comprise cash and cash equivalents, loans, trade receivables, other receivables and deposits.

a) Trade and Other Receivables

Trade receivable consists of due proceeds against sales through L/C with a tenure of 30 days to 180 days and realizable at the maturity date. Trade receivable is initially recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at cost less impairment losses due to un-collectability of any amount so recognized.

Other receivables is initially recognized at cost which is the fair value of the consideration given in return. After initial recognition,

these are carried at cost less impairment losses, if any, due to un-collectability of any amount so recognized.

b) Advances, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as Property, Plant and Equipment, Inventory or Expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit or loss.

c) Cash and Cash Equivalents

According to IAS-7 "Statement of Cash Flows " cash comprises cash in hand and bank deposit 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 equivalent are not restricted in use. Considering the provision of IAS 7 and IAS 1, cash in hand and bank balances have been considered as cash and cash equivalents.

Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. Financial assets which are not traded in the market have been valued at cost unless any indication of impairment in value of such financial assets exist. Cumulative gain/losses recognized in the other comprehensive income are reclassified from equity to profit or loss upon derecognition or reclassification.

3.08.02 Financial Liabilities

The company initially recognizes all financial liabilities on the trade date which is the date the company becomes a party to the contractual provisions of the instrument.

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

The company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.



Trade and Other Payables a)

The company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of

which is expected to result in an outflow from the company of resources embodying economic benefits.

Interest-bearing borrowings b)

Interest-bearing borrowings comprise loans and operational overdraft.

3.09 Impairment

i) Financial Assets

Financial assets are not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition

of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

ii) Non-financial Assets

The carrying amounts of the company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

3.10 Share Capital

Paid-up-capital represents total amount contributed by the shareholders and bonus shares issued by the company to the ordinary shareholders. Incremental costs directly attributable to the issue of ordinary shares are recognized as expenses as and when incurred. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the company, ordinary shareholders will be rank after all other shareholders. Creditors are fully entitled to any proceeds of liquidation before all shareholders.

3.11 Revaluation Reserve

Revaluation reserve relates to the revaluation of land and land development.

3.12 Employee Benefits

i) Short Term Employee Benefits

Salaries, bonuses and allowances are accrued in the financial year in which the associated services are rendered by the employees of the Company.

ii) Workers' Profit Participation and Welfare Fund

The Company maintains a Worker's profit participation and welfare fund at 5% of net profit before tax as per the requirement of The Companies Profit (worker's participation) (amendment) ordinance 1985 & Labour Act 2006 (As amended in 2013).

iii) Defined Contribution Plan

The company maintains an unrecognized provident fund for its officers only. Both the employees and company contribute 10% of basic salary to the fund.

iv) Defined Benefit Plan - Gratuity

The company maintains a Gratuity scheme for its officers only. Officers are entitled to gratuity when their length of service reaches five years. Provision has been made in the books on monthly basis based on the rules of the scheme.

3.13 Taxation

i) Current Tax

Income Tax is calculated and provision is made in accordance with IAS 12 'Income taxes'. As per 6th schedule Part A Para 28 of Income Tax Ordinance, 1984 provision for income has been made at the rate of 25% on operational income after deducting 50% of income as export rebate resulting in an effective tax rate of 12.50% on operational income. Besides this, the company charged tax at a rate of 25% on other income of this company.





ii) Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in the future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the Statement of Financial Position date. The impact of changes on the account in the deferred tax assets and liabilities has also been recognized in the statement of profit or loss and other comprehensive income as per IAS-12 "Income Taxes".

The deferred tax asset/income or liability/expenses does not create a legal liability/recoverability to and from the income tax authority.

Deferred tax on revaluation surplus of lands has not been recognized in the financial statements on the ground that income tax payable at source on capital gain during registration of sale of land are generally borne by the buyer. Hence, possibility of having any income tax implications on land is very remote.

3.14 Loans and Borrowings

Principal amount of the loans and borrowings are stated at their outstanding amount. Borrowings repayable within twelve months from the balance sheet date are classified as current liabilities whereas borrowings repayable after twelve months from the balance sheet date are classified as non-current liabilities. Accrued interest and other charges are classified as current liabilities.

3.15 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized in the statement of financial position when the company has a legal or contractual 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. Contingencies arising from claims, litigations, assessments, fine, penalties etc. are recorded when it is probable that a hability has been incurred and the amount can be reasonably estimated. In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", contingent liabilities and commitments are disclosed in the financial statements.

3.16 Revenue Recognition

Revenue is recognized when invoice for products and services are made and the significant risk and reward of ownership are transferred to the customers, recovery of the consideration is probable, associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The five step model has been complied in case of revenue recognition.

Specific policies regarding the recognition of revenue are as follows:

Revenue from sales of goods

Revenue from the sale of goods shall be recognized when all the following conditions have been satisfied:

- a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods and customer obtains control of the goods;
- b) it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur;
- c) the amount of revenue can be measured reliably;
- d) it is probable that the economic benefits associated with the transaction will flow to the entity.

3.17 Operating Income

Operating income includes gain / (loss) on sale of property, plant and equipment and rental income. Operating income is recognized as revenue on accrual basis.

3.18 Finance Income and Cost

3.18.01 Finance Income

Interest income on Fixed Deposit Receipts (FDR), Short Term Deposits (STD), Gain/loss on currency fluctuation and amounts due from affiliated companies is accrued on a time proportion basis by reference to the principal outstanding at the effective rate of interest applicable.

3.18.02 Finance Cost

Interest expenses comprises interest expense on operational overdraft, LATR, term loan and short term borrowings except expenses related to acquisition/construction of assets, incurred during the period are charged to Statement of Profit or Loss and Other Comprehensive Income on accrual basis.

3.19 Foreign Currency Transaction / Translation

Transactions in foreign currencies are translated into Bangladesh Taka at the Exchange rate prevailing on the date of transactions in accordance with IAS - 21 "The Effects of Changes in Foreign Exchange Rate." Monetary assets and liabilities in foreign currencies at the Statement of Financial Position date are translated into Bangladesh Taka at the rate of exchange prevailing at the Statement of Financial Position date. All exchange differences are recognized in the Statement of Profit or Loss and Other Comprehensive Income.



3.20 Related Party Transactions

The objective of IAS-24 "Related Party Disclosure" is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

Interest income/expenses on amount due to/due from affiliated companies has been recognized periodically.

3.21 Earnings Per Share (EPS)

The company calculates its earnings per share in accordance with International Accounting Standard IAS-33 "Earnings Per Share" which has been reported on the face of Statement of Profit or Loss and Other Comprehensive Income.

i) Basic Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

ii) Diluted Earnings Per Share:

No diluted earnings per share was required to be calculated for the year under review as there was no scope for dilution of Earnings Per Share for the year.

3.22 Measurement of Fair Values

When measuring the fair value of an asset or liability, the entity uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Property, Plant and Equipment

The fair value of land of property, plant and equipment has been determined based on the current cost method and net realizable value method as applicable.

3.23 Events after the Reporting Period

Events after the reporting period that provide additional information about the company's position at the date of Statement of Financial Position or those that indicate the going concern assumption is not appropriate are reflected in the Financial Statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

3.24 Disclosures on COVID-19

Due to lockdown declared by the Government for outbreak of Corona Virus (COVID-19) in Bangladesh, operation of the company remained closed from 27 March 2020 to 25 April 2020 and successfully resumed on 26 April 2020.

3.25 Gross Profit (GP)

Gross Profit margin increased since average Cost of Goods Sold (COGS) was reduced than that of last year due to decrease of average cost of raw material price in the global market.

3.26 Interest Rebate

As per paragraph 3(A) of Banking Regulatory and Policy Department (BRPD) circular no-12 dated 10 June 2020, the company is entitled to get rebate amounting to Tk.9,22,827 on interest expenses against bank borrowings.



「「「「「」」」」」」「「「」」」」」」」」」」」」」」」」」」」」」」」		Cost (Amount in Taka)	nt in Taka)			Depreciation (Amount in Taka)	Amount in T	aka)	Written Down
Particulars	Opening Balance as on 01.07.2019	Addition During the Ycar	Disposed During the Ycar	Closing Balance as on 30.06.2020	Opening Balance as on 01.07.2019	Charge During the Year	Adj. During the Year	Closing Balance as on 30.06.2020	Value as on 30.06.2020 (Taka)
Land and Land Development:	431,214,704	-	-	431,214,704		-	-		431,214,704
Building:									
Administrative Building	50,817,030			50,817,030	18,340,205	1,667,937	1	20,008,142	30,808,888
Factory Building	453,983,126	362,840		454,345,966	168,006,089	21,898,475	'	189,904,564	264,441,402
	504,800,156	362,840		505,162,996	186,346,294	23,566,412	1	209,912,706	295,250,290
Plant & Machinery:									
Plant & Machinery	880,208,666	10,770,763		890,979,429	399,105,157	58,672,098	,	457,777,255	433,202,174
Equipment & Appliance:									
Office Equipment	29,150,624	641,773		29,792,397	21,658,053	2,105,705		23,763,758	6,028,639
Electric Installation	90,320,195	485,400		90,805,595	44,008,629	9,527,926		53,536,555	37,269,040
	119,470,819	1,127,173		120,597,992	65,666,682	11,633,631		77,300,313	43,297,679
Furniture & Fixtures	14,864,362	138,165	-	15,002,527	12,544,960	770,497	,	13,315,457	1,687,070
Computer Equipment	27,904,279	1,052,122	•	28,956,401	25,246,372	1,873,135	,	27,119,507	1,836,894
Motor Vehicles:									
Motor Vehicles	64,292,212		854,024	63,438,188	49,961,512	5,476,009	854,022	54,583,499	8,854,689
As on 30 June 2020	2,042,755,198	13,451,063	854,024	2,055,352,237	738,870,977	101,991,782	854,022	840,008,737	1,215,343,500
As at 30 June 2019	2,006,548,556	36,861,592	654,950	2,042,755,198	635,126,866	104,316,021	571,910	738,870,977	1,303,884,221
 i) Depreciation Allocated to: Factory Overhead - note 25.2 Operating Expenses - note 26 	Allocation Basis 80% 20%	30 June 2020 Taka 81,593,426 20,398,356	30 June 2019 Taka 83,452,817 20,863,204						A CONTRACTOR OF
		to sate as							COTAGEN

4 a) PROPERTY, PLANT & EQUIPMENT - at Revalued Model

KDS Accessories Limited

Annual Report 2019-2020

「「「「「「「」」」、「」、「」、「」、「」、「」、「」、「」、「」、「」、「」	「ない」の「「「「「「「」」」」	Cost (Amount in Taka)	nt in Taka)	のないで、たいでいうというで		Depreciation (Amount in Taka)	mount in T	aka)	Written Down
Particulars	Opening Balance as on 01.07.2018	Addition During the Year	Disposed During the Year	Closing Balance as on 30.06.2019	Opening Balance as on 01.07.2018	Charge During the Year	Adj. During the Year	Closing Balance as on 30.06.2019	Value as on 30.06.2019 (Taka)
Land and Land Development:	419,730,792	11,483,912		431,214,704		•		•	431,214,704
Building:						01007		10.010.01	30 47K 80E
Administrative Building Factory Building	50,704,530 442,848,121	112,500 11,135,005		50,817,030 453,983,126	16,677,893 146,374,464	1,662,512 21,631,625		168,006,089	285,977,037
Quantum (to the t	493,552,651	11,247,505		504,800,156	163,052,357	23,293,937		186,346,294	318,453,862
Plant & Machinery:									
Plant & Machinery	871,005,256	9,203,410		880,208,666	340,954,913	58,150,244	'	399,105,157	481,103,509
Equipment & Appliance:									
Office Equipment	28,164,171	986,453		29,150,624	19,305,003	2,353,050	,	21,658,053	7,492,571
Electric Installation	87,772,091	2,548,104		90,320,195	33,574,543	10,434,086		44,008,629	46,311,566
	115,936,262	3,534,557		119,470,819	52,879,546	12,787,136		65,666,682	53,804,137
Furniture & Fixtures	14,522,263	342,099		14,864,362	11,411,973	1,132,987		12,544,960	2,319,402
Computer Equipment	26,854,170	1,050,109		27,904,279	23,258,588	1,987,784		25,246,372	2,657,907
Motor Vehicles:									
Motor Vehicles	64,947,162		654,950	64,292,212	43,569,489	6,963,933	571,910	49,961,512	14,330,700
As on 30 June 2019	2,006,548,556	36,861,592	654,950	2,042,755,198	635,126,866	104,316,021	571,910	738,870,977	1,303,884,221
As at 30 June 2018	1,835,816,387		1,466,385	2,006,548,556	540,349,432	96,235,282	1,457,848	635,126,866	1,371,421,690
									CHOMON
	Allocation	30 June 2019	30 June 2018						
) Depreciation Allocated to:	Basis	Taka	Taka						80
Factory Overhead - note 25.2	80%	83,452,817	76,988,226						O.
Operating Expenses - note 26	20%	20,863,204	19,247,056						*
		104,510,021	707'607'06						A DIAGEN

4 b) PROPERTY, PLANT & EQUIPMENT -at Revalued Model

Cost (Amount in Taka)

Depreciation (Amount in Taka)

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		Cost (Amount in Taka)	t in Taka)			Depreciation (Amount in Taka)	Amount in Ta	ıka)	· · · · ·
Particulars	Opening Balance as on 01.07.2019	Addition During the Year	Disposed During the Year	Closing Balance as on 30.06.2020	Opening Balance as on 01.07.2019	Charge During the Year	Adj. During the Year	Closing Balance as on 30.06.2020	Written Down Value as on 30.06.2020 (Taka)
Land and Land Development:	216,823,001	-		216,823,001			-		216,823,001
Building:									
Administrative Building	50,817,030			50,817,030	18,340,205	1,667,937	•	20,008,142	30,808,888
Factory Building	453,983,126	362,840		454,345,966	168,006,089	21,898,475		189,904,564	264,441,402
	504,800,156	362,840	•	505,162,996	186,346,294	23,566,412		209,912,706	295,250,290
Plant & Machinery: Plant & Machinery	880 208 666	10 770 763		800.979.429	300 105 157	58 672 098	-	457 777 255	433 202 174
Equipment & Appliance:						0.06-060			
Office Equipment	29,150,624	641,773		29,792,397	21,658,053	2,105,705	•	23,763,758	6,028,639
Electric Installation	90,320,195	485,400		90,805,595	44,008,629	9,527,926		53,536,555	37,269,040
	119,470,819	1,127,173	•	120,597,992	65,666,682	11,633,631		77,300,313	43,297,679
Furniture & Fixtures	14,864,362	138,165		15,002,527	12,544,960	770,497		13,315,457	1,687,070
Computer Equipment Motor Vehicles:	27,904,279	1,052,122		28,956,401	25,246,372	1,873,135	•	27,119,507	1,836,894
Motor Vehicles	64,292,212		854,024	63,438,188	49,961,512	5,476,009	854,022	54,583,499	8,854,689
As on 30 June 2020	1,828,363,495	13,451,063	854,024	1,840,960,534	738,870,977	101,991,782	854,022	840,008,737	1,000,951,797
As at 30 June 2019	1,792,156,853	36,861,592	654,950	1,828,363,495	635,126,866	104,316,021	571,910	738,870,977	1,089,492,518
INTANGIBLE ASSETS at Cost Less Accumulated Amortization - note 3.3	Accumulated Amortizatic	on - note 3.3							
		Cost (Amount in Taka)	t in Taka)		Sector Sector Sector	Amortization (Amount in Taka)	Amount in T	aka)	The second secon
Particulars	Opening Balance as on 01.07.2019	Addition During the Year	Disposed During the Year	Closing Balance as on 30.06.2020	Opening Balance as on 01.07.2019	Charge During the Year	Adj. During the Year	Closing Balance as on 30.06.2020	Value as on 30.06.2020 (Taka)
Computer Software	6,355,893	379,500		6,735,393	5,403,496	450,991		5,854,487	880,906
As on 30 June 2020	6,355,893	379,500		6,735,393	5,403,496	450,991		5,854,487	880,906



125

Annual Report 2018-2019

		Cost (Amount in Taka	t in Taka)	にいいいないので		Depreciation (Amount in Taka)	Amount in T	aka)	
Particulars	Opening Balance as on 01.07.2018	Addition During the Year	Disposed During the Year	Closing Balance as on 30.06.2019	Opening Balance as on 01.07.2018	Charge During the Ycar	Adj. During the Year	Closing Balance as on 30.06.2019	Written Down Value as on 30.06.2019 (Taka)
Land and Land Development:	205,339,089	11,483,912	-	216,823,001					216,823,001
Building:									
Administrative Building	50,704,530	112,500		50,817,030	16,677,893	1,662,312	,	18,340,205	32,476,825
Factory Building	442,848,121	11,135,005		453,983,126	146,374,464	21,631,625		168,006,089	285,977,037
	493,552,651	11,247,505		504,800,156	163,052,357	23,293,937		186,346,294	318,453,862
Plant & Machinery:									
Plant & Machinery	871,005,256	9,203,410		880,208,666	340,954,913	58,150,244		399,105,157	481,103,509
Equipment & Appliance:									
Office Equipment	28,164,171	986,453		29,150,624	19,305,003	2,353,050		21,658,053	7,492,571
Electric Installation	87,772,091	2,548,104		90,320,195	33,574,543	10,434,086		44,008,629	46,311,566
	115,936,262	3,534,557		119,470,819	52,879,546	12,787,136		65,666,682	53,804,137
Furniture & Fixtures	14,522,263	342,099		14,864,362	11,411,973	1,132,987		12,544,960	2,319,402
Computer Equipment	26,854,170	1,050,109		27,904,279	23,258,588	1,987,784		25,246,372	2,657,907
Motor Vehicles: Motor Vehicles	64,947,162		654,950	64,292,212	43,569,489	6.963.933	571.910	49.961.512	14.330.700
As on 30 June 2019	1,792,156,853	36,861,592	654,950	1,828,363,495	635,126,866	104,316,021	571,910	738,870,977	1,089,492,518
As at 30 June 2018	1,621,424,684	172,198,554	1,466,385	1,792,156,853	540,349,432	96,235,282	1,457,848	635,126,866	1,157,029,987
INTANGIBLE ASSETS at Cost Less Accumulated Amortization - note 3.3	Accumulated Amortizatio	on - note 3.3							
		Cost (Amount in Taka)	t in Taka)	「二」のないのないのである		Amortization (Amount in Taka)	Amount in T	aka)	· · · · ·
Particulars	Opening Balance	Addition During	Disposed During	Closing Balance	Opening Balance	Charge During	Adj. During	Closing Balance	Value as on 30.06.2019

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Particulars	Opening Balance as on 01.07.2018	Addition During the Year	Disposed During the Year	Closing Balance as on 30.06.2019	Opening Balance as on 01.07.2018	Charge During the Year	Adj. During the Year	Closing Balance as on 30.06.2019	Written Down Value as on 30.06.2019 (Taka)
Computer Software	6,355,893			6,355,893	4,693,388	710,108		5,403,496	952.397
As on 30 June 2019	6,355,893			6,355,893	4,693,388	710,108		5,403,496	952,397
As on 30 June 2018	6,355,893	•		6,355,893	3,628,901	1,064,487		4,693,388	1,662,505

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		Note(s)	30 June 2020 Taka	30 June 2019 Taka
6.00	Capital work-in-progress			
	Opening balance		12,847,598	14,529,904
	Add: Expenditure incurred during the year	6.01	9,272,804	2,611,857
			22,120,402	17,141,761
	Less: Capitalized during the year	6.01	(9,272,804)	(4,294,163)
	Less: Reclassified during the year (Transfer to Advance) Note-12.01	6.01	(12,847,598)	
	Closing balance		-	12,847,598

6.01 Details of capital work-in -progress

Particulars	Opening Balance	Additions during the year	Reclassified during the year	Capitalized during the Year	Balance as on 30 June 2020	Balance as on 30 June 2019
Land and land development*	12,847,598		(12,847,598)	-		12,847,598
Plant & machinery		9,272,804		(9,272,804)	-	-
	12,847,598	9,272,804	(12,847,598)	(9,272,804)	-	12,847,598

* An amount of Tk.1,28,47,598 has been transferred to advances, deposits and pre-payments account from capital work-in-progress which was paid as advance for land.

		Note(s)	30 June 2020 Taka	30 June 2019 Taka
7.00	Investment in associate	2.01	15 050 177	10 000 150
	SKYS Securities Limited	7.01	45,859,477	48,327,650
			45,859,477	48,327,650
7.01	Movement of investment in associates			
	Investment in equity share		23,405,000	23,405,000
	Share of profit/(loss)			
	Opening balance		24,922,650	24,860,804
	Share of profit/(loss) for the year	7.02	(2,468,173)	61,846
			22,454,477	24,922,650
			45,859,477	48,327,650
7.02	Share of profit/(loss) of associates (Net of tax)			
	Net profit attributable to the shareholders' of associate		(5,286,299)	132,461
	Ownership		46.69%	46.69%
	Net profit / (Loss) attributable to KDS Accessories Limited		(2,468,173)	61,846
			(2,468,173)	61,846
			30 June 2020 Taka	30 June 2019 Taka
7.03	Summary of financial information of equity accounted investee:		Така	Така
7.05	Non-current assets		89,473,846	90,502,547
	Current assets		130,640,346	150,240,406
	Total assets		220,114,192	240,742,953
	Share capital		50,132,000	50,132,000
	Revaluation surplus (CSE Membership)		37,873,300	37,873,300
	Retained earnings		10,215,898	15,502,197
	Shareholders' equity		98,221,198	103,507,497
	Current liabilities		121,892,994	137,235,456
	Total liabilities		121,892,994	137,235,456
			220,114,192	240,742,953



30 June 2020	30 June 2019
Taka	Taka
2,545,555	10,072,991
1,894,053	3,403,094
(9,725,907)	(13,343,624)
(5,286,299)	132,461

471,055,054

24,330,967

9,650,877

62,266,322

1,336,584

568,639,804

341,571,661

26,269,317

11,564,987

47,798,637

42,069,109

469,273,711

Revenue Other income Expenses Net profit

8.00 Other investment

Investment in Fixed Deposit R	Receipts				5,564,860 5,564,860	5,315,852 5,315,852
Name of Banks		Purpose	Period	Interest rate		
Bank Asia Limited		Bank Guarantee	1 year	6.00%	4,368,122	4,151,700
Exim Bank Limited		Bank Guarantee	1-3 years	6.5%-9.25%	1,196,738	1,164,152 5,315,852

9.00 Inventories Raw materials

Work-in-process Finished goods Stores & spares Goods in transit

9.01 Quantitative movement of raw materials and finished goods

Raw Materials

Product name	Unit	Opening balance	Procurement	Available for consumption	Consumption	Closing balance
Liner Paper	Kg	932,902	10,938,489	11,871,391	(8,154,281)	3,717,110
White Liner Paper	Kg	-	23,787	23,787	(23,787)	-
Medium Paper	Kg	1,147,557	9,056,350	10,203,907	(6,670,539)	3,533,368
Duplex Board	Kg	9,582	115,382	124,964	(70,458)	54,506
Yam	Kg	73,027	134,617	207,644	(170,050)	37,594
Starch	Kg	-	289,000	289,000	(286,089)	2,911
Adhesive Powder	Kg	31,929	216,930	248,859	(212,669)	36,190
Art Card	Kg	5,775	-	5,775	(5,775)	-
Art Paper	Kg	-	81,996	81,996	(81,996)	-
Chemical	Ltr	470	22,535	23,005	(17,424)	5,581
Resin	Kg	1,227	220,484	221,711	(179,872)	41,839
Rubber Thread	Kg	6,064	28,266	34,330	(23,216)	11,114
Transfer Flim	Kg	162	4,456	4,618	(3,809)	809
Printing Ink	Kg	7,305	19,037	26,342	(19,432)	6,910
Pigment	Kg	101	1,737	1,838	(1,317)	520
Ribbon	Kg	2,149	9,525	11,674	(11,490)	185
Self Adhesive Sticker	Sheet	-	45,000	45,000	(45,000)	-
OPP Gum Tape	Kg	37,102	92,676	129,778	(109,944)	19,834
GPPS/PP/HIPS	Kg	8,512		210,762	(206,792)	3,970
0110,11,1110		2,263,864		23,766,381	(16,293,940)	7,472,442

Finished goods

Product name	Unit	Opening balance	Production		Available for sale	Sales	Closing balance
Carton	Pcs	121,076	21,187,785		21,308,861	(21,211,025)	97,836
Label	Pcs	357,171	59,755,814		60,112,985	(59,832,324)	280,561
Elastics and Narrow Fabrics	Yards	709,335	14,755,712		15,465,047	(14,704,955)	760,092
Offset Printing	Pcs	201,338	71,584,246	~	71,785,584	(71,741,209)	44,375
Heat Transfer Printing	Pcs	19,975	8,665,093		8,685,068	(8,685,068)	-
Button	GG	5,171	168,160		173,331	(168,160)	5,171
Gum Tape	Rolls	3,016	568,329		571,345	(569,265)	2,080
Hanger	Pcs	87,393	18,776,312		18,863,705	(18,703,921)	159,784
		1.504.474	195,461,451		196,965,926	(195,615,927)	1,349,999



		Note(s)	30 June 2020 Taka	30 June 2019 Taka
10.00	Trade receivables			
	Opening balance		1,098,372,683	1,128,378,143
	Add: Addition during the year	24.00	1,922,326,909	2,302,159,637
	Add: Adjustment for foreign currency translation gain	10.02	9,473,933	29,002,345
			3,030,173,525	3,459,540,125
	Less: Realized during the year		(2,095,597,938)	(2,361,167,442)
			934,575,587	1,098,372,683

10.01 Trade receivables have been stated at their nominal value. Trade receivables are accrued in the ordinary course of business. These are carried at invoice amount. Ali receivables are secured by Letter of Credit (L/C) and have been considered as good and realizable. Therefore, no amount was written off as bad debt and no debt was considered as doubtful to provide for.

10.02 Foreign currency translation gain arises due to translation of foreign currency denominated trade receivables at the reporting date.

		Taka	Taka
10.03	Trade receivables include affiliated companies		
	KDS Apparels Limited	2,988,079	2,457,091
	KDS Fashion Limited	61,067,452	47,900,053
	KDS Garment Industries Limited	10,636,540	3,376,556
	KDS Logistics Limited	· · · · · · · · · · · · · · · · · · ·	1,536,342
	KDS IDR Limited	40,163,395	61,790,845
	KYCR Coil Industries Ltd.	-	318,476
		114,855,466	117,379,363
10.04	Ageing of trade receivables		
	Dues within 3 Months	411,213,258	513,906,467
	Dues over 3 Months but within 6 months	523,362,329	584,466,216
		934,575,587	1,098,372,683
10.05	Trade receivables - classification by security and related party:		
	Receivable considered good and secured	934,575,587	1,098,372,683
	Receivable considered good without security	-	
	Receivable considered doubtful or bad		·
	Receivable due by directors or other officers		-
	Receivable due from companies under same management	114,855,466	117,379,363
	Maximum receivable due by directors or officers at any time	-	·
11.00	Other receivables		
	Accrued interest income on FDR	468,855	391,548
	Interest Receivable	922,827	-
		1,391,682	391,548



30 June 2020 30 June 2019

Solution KDS Accessories Limited

		Note(s)	30 June 2020 Taka	30 June 2019 Taka
12.00	Advances, deposits and prepayments			
	Advances	12.01	49,655,031	31,619,647
	Security deposits	12.02	11,989,449	11,989,449
	Prepayments	12.03	3,296,670 64,941,150	2,890,692
			. 64,941,150	46,499,788
12.01	Advances		2544.494	(92.24)
	Against salary and allowances		2,546,484	683,360
	Against income tax	12.01.01	27,685,095	25,066,26
	Advance Against Land Note-6		12,847,598	-
	Others		<u>6,574,854</u> 49,655,031	5,870,01 31,619,64
2 01 01	Advance income tax		PROPERTY ADDRESS OF	
2.01.01	Opening balance		25,066,268	19,650,61
	Add: Paid/deducted during the year		27,647,343	25,027,51
	Less: Adjusted during the year		(25,027,516)	(19,611,86)
	Closing balance		27,686,095	25,066,268
12.02	Security deposits			20.00
	T&T		20,000	20,000
	Titas Gas Transmission & Distribution Company Limited		1,555,200	1,555,200
	Gazipur Palli Bidyut Samity		9,065,088	9,065,08
	Karnaphuli Gas Transmission Limited		549,161	549,16
	Central Depository Bangladesh Limited (CDBL)		. 500,000	500,00
	Gulshan Club Limited .		300,000 J	300,00
12.03	Prepayments			
	Insurance premium		3,291,551	1,895,33
	Upfront interest		<u>5,119</u> 3,296,670	995,36 2,890,69
12.04	The directors consider that all the above advances, deposits and prepayments against them are required at this stage.	s are entirer acquistable or recoverable in		and no provide
13.00	Due from affiliated companies			
	KDS Poly Industries Limited		5,719,370	245,393,333
	KDS Thread Limited		268,084,300	28,328,766
			273,803,670	273,722,099
13.01	The amount represent short term loan provided to KDS Poly Industries Limi Ali transactions were done through banking channel and interests were charge		hen required to meet fun	ding requiremen
14.00	Short term investment		9,895,747	9,327,332
	Investment in Fixed Deposit Receipts		9,895,747	9,327,332
	Above Fixed Deposits maintained with Bank Asia Limited, Agrabad Branch, G	Chattogram have been kept as lien. The	rate of interest is 7% pe	r annum.
			30 June 2020	30 June 2019
		Note(s)	Taka	Taka
15.00	Cash and cash equivalents		[]	
	Cash in hand	15.01	1,713,266	1,104,58
	Cash at bank	15.02	188,285,225	8,143,51 9,248,09
15.01	Cash in hand			
	Head office		565,919	675,36
	Dhaka office		829,761	292,97
	Gazipur factory office		317;586	136,24
			1,713,266	1,104,58
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Cash at Bank Name of Banks	Branch	Account Type	30 June 2020 Taka	30 June 2019 Taka
Bank Asia Limited	MCB Banani	SND	1,277	1,248
Bank Asia Limited	Agrabad	USD	1,616	1,605
Bank Asia Limited	Agrabad	Retention Quota	215,697	214,283
Bank Asia Limited	MCB Banani	Retention Quota	1,311,017	656,191
Bank Asia Limited	MCB Banani	RAD	735	731
Bank Asia Limited	MCB Banani	RAD	643,030	36,570
Bank Asia Limited	MCB Banani	SND	2,782,190	181,240
Dutch Bangla Bank Limited	Jubilee Road	Current	21,189,181	310,259
HSBC	Agrabad	Current	133,930,416	15,973
Mutual Trust Bank Limited	Motijheel	Escrow	124,591	122,397
Mutual Trust Bank Limited	Motijheel	Escrow-USD	612,038	618,769
Mutual Trust Bank Limited	Motijheel	Escrow-GBP	12,956	13,133
NCC Bank Limited	Baridhara	Current		140,945
Standard Chartered Bank	Agrabad	Current	11,713,463	594,231
Standard Chartered Bank	Agrabad	Current	613,297	477,320
Standard Chartered Bank	Agrabad	Current	15,132,570	4,758,615
Trust Bank Limited	Dewan Bazar	Current	1,151	-
			188,285,225	8,143,510

16.00 Share capital

Authorized Capital 200,000,000 Ordinary Shares of Tk. 10 each

Issued, subscribed	and	paid-up	Capital
--------------------	-----	---------	---------

1,000	Ordinary Shares of Tk. 10 each as at 21 April 1991
2,100,000	Ordinary Shares of Tk. 10 each as at 17 June 2004
10,505,000	Ordinary Shares of Tk. 10 each as at 30 June 2010
17,522,340	Ordinary Shares of Tk. 10 each as at 6 March 2012
9,871,660	Ordinary Shares of Tk. 10 each as at 8 June 2013
12,000,000	Ordinary Shares of Tk.10 each issued through IPO
5,200,000	Ordinary Shares of Tk. 10 each as at 29 March 2016 (Bonus share)
2,860,000	Ordinary Shares of Tk. 10 each as at 18 September 2017 (Bonus share)
3,003,000	Ordinary Shares of Tk. 10 each as at 04 November 2018 (Bonus share)
3,153,150	Ordinary Shares of Tk. 10 each as at 13 November 2019 (Bonus share)
66.216.150	Ordinary Shares of Tk. 10 each

16.01 Shareholding position

Name of the shareholders

Mr. Khalilur Rahman Mr. Salim Rahman Mr. S. M. Shamcem Iqbal Ms. Hasina Iqbal Ms. Tahsina Rahman Ms. Tahmina Rahman KDS Garments Inds. Limited General Public (IPO)

30 June 2020		30 June 2019		
Percentage of holding	Number of shares	Percentage of holding	Number of shares	
55.17%	36,529,667	55.17%	34,790,160	
14.09%	9,330,553	14.09%	8,886,241	
0.72%	478,472	0.72%	455,688	
1.03%	683,153	1.03%	650,622	
3.84%	2,545,559	3.84%	2,424,344	
0.00%	403	0.00%	384	
2.01%	1,332,017	2.01%	1,268,589	
23.13%	15,316,326	23.13%	14,586,971	
100%	66.216.150	100%	63.063.000	

2,000,000,000

2,000,000,000

105,050,000

175,223,400

98,716,600

120,000,000

52,000,000

28,600,000

30,030,000

31,531,500

662,161,500

10,000 21,000,000 2,000,000,000

2,000,000,000

10,000

21,000,000

105,050,000

175,223,400

98,716,600

120,000,000

52,000,000

28,600,000

30,030,000

630,630,000



16.02 Classification of shares by holding No. of Shareholders No. of Shares Holding (%) Slab by number of shares 2,837 413,894 0.63% Less than 500 1,929 3,273,713 4 94% From 500 to 5,000 262 1,798,747 2.72% From 5,001 to 10,000 1,968,339 2.97% From 10,001 to 20,000 143 36 898,811 1.36% From 20,001 to 30,000 19 666,087 1.91% From 30,001 to 40,000 From 40,001 to 50,000 0 408.008 0.62% 25 1,742,283 2.63% From 50,001 to 100,000 19 5.923.970 8.95% From 100,001 to 1,000,000 49,122,298 74.18% Above 1,000,000 5 5,284 66,216,150 100% 30 June 2019 30 June 2020 Note(s) Taka Taka 17.00 Long term borrowings 318,720,870 204,141,486 Opening balance a 200,000,000 Add: Received during the year 23,507,716 26,825,738 Add: Interest applied 77.650 101.075 Add: Bank charges 342,329,661 431,044,874 (1,127,425) Less: Deferred Interest payment of April & May (112,324,005) Less: Paid during the year (267,209,828) 73,992,408 318,720,870 Closing balance 17.01 Current/non-current classification 59,382,368 150,891,654 Due within one year 167,829,216 Due after one year 14,610,040 73,992,408 318,720,870 17.02 Details of long term borrowings Bank Asia Limited - Agrabad 17.03 8,996,442 Bank Asia Limited - MCB Banani 17.04 24,037,763 29,877,127 39,138,604 64,716,446 Trust Bank Limited 17.05 NCC Bank Limited 17.06 2,914,865 3,706,734 24,473 455 Southeast Bank Limited 17.07 7,901,176 186,950,666 **IIDFC** Limited 17.08 73,992,408 318,720,870 17.03 Bank Asia Limited, Agrabad, Chattogram. Total sa Year

Total sanctioned amount	1 K. 0.50 Crore
Year	2015
Purpose	Machinery Import
Interest rate	10% to 11% (Revised from time to time)
Tenure	Five years
Payment method	The loan is repayable in equal monthly instalment (EMI).
Securities	i) Hypothecation on movable assets.

Tk. 30.00 Crore

Working Capital

Four years

2017

17.04 Bank Asia Limited, MCB Banani, Dhaka.

Year Purpose

Tenure

Interest rate

Payment method Securities

Tk. 7.30 Crore Total sanctioned amount 2015 Construction of factory building, utility building. 9% to 11% (Revised from time to time) Seven years The loan is repayable in equal monthly installment (EMI). i) Personal Guarantee of directors.

9% to 11% (Revised from time to time)

i) Personal Guarantee of directors.

ii) Hypothecation on movable assets.

17.05 Trust Bank Limited, Dewan Bazar, Chattogram.

Total sanctioned amount Year Purpose Interest rate Tenure Payment method Securities

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The loan is repayable in Equal Monthly Installment (EMI).

17.06 NCC Bank Limited, Baridhara, Dhaka

Total sanctioned amount	Tk. 55.75 Lac
Year	2017
Purpose	Motor Vehicle
Interest rate	9% to 13% (Revised from time to time)
Tenure	Five years
Payment method	The loan is repayable in Equal Monthly Installment (EMI).
Securities	i) Personal Guarantee of directors.
	ii) Registration of the vehicle in the joint name of NCC Bank Limited and KDS Accessories Limited

17.07 Southeast Bank Limited, Agrabad, Chattogram.

e to time)
Monthly Installment (EMI).
tors.
assets.

17.08 Industrial and Infrastructure Development Finance Company (IIDFC) Limited, Agrabad, Chattogram.

Total sanctioned amount	Tk. 20 Crore
Purpose	Working Capital
Year	2019
Interest rate	13.75% (Revised from time to time)
Tenure	Four years
Payment method	The loan is repayable in Equal Monthly Installment (EMI).
Securities	i) Personal Guarantee of directors.

	Note(s)	30 June 2020 Taka	30 June 2019 Taka
18.00 Defined benefit obligation- gratuity			
Opening balance		76,083,015	66,478,037
Add: Provision made during the year	25.02 & 26	15,209,275	11,478,903
		91,292,290	77,956,940
Less: Paid during the year		(492,889)	(1,873,925)
Closing balance		90,799,401	76,083,015

19.00 Deferred tax liability

Deferred tax liability has been calculated below at the applicable tax rate on the difference between the carrying value of property, plant and equipment and intangible assets as per financial statements and tax written down value and financial position method for gratuity obligation and investment in associates.

	30 June 2020 Taka	30 June 2019 Taka
Opening balance	44,014,741	43,999,854
Provided during the year		
Taxable/(deductible) temporary difference of PPE and intangible asset (excluding land)	(965,379)	1,203,140
Provision for Gratuity	(1,839,548)	(1,200,622)
Investments in associates	(493,634)	12,369
	(3,298,561)	14,887
Adjusted during the period	-	-
Closing balance	40,716,180	44,014,741

Reconciliation of deferred tax liabilities /(assets) are as follows :

	Carrying Amount	Tax Base	Tax Rate	Taxable / (Deductible) Temporary Difference	Deferred tax liabilities/ (assets)
	Taka	Taka	Percentage	Taka	Taka
Property, plant & equipment	785,009,702	397,332,207	12.50% 12.50%	387,677,495 (90,799,401)	48,459,687 (11,349,925)
Gratuity Investment in associates	45,859,477	23,405,000	15% - 20%	22,454,477	3,606,418
Net taxable temporary difference				319,332,571	40,716,180



KDS Accessories Limited

		Notc(s)	30 June 2020 Taka	30 June 2019 Taka
20.00	Frade and other payables			
1	l'rade payable	20.01	622,733,368	418,872,754
F	or revenue expenses	20.02	167,016,826	137,094,202
F	For other finance	20.03	1,956,795	2,491,945
			791,706,989	558,458,901
20.01	Frade payable			
I	Liability for imported goods		597,405,538	399,702,319
I	liability for local goods & expenses		25,327,830	19,170,435
	, , , , , , , , , , , , , , , , , , , ,		622,733,368	418,872,754

Liability for imported goods includes foreign currency translation loss of Tk. 31,90,696 (foreign currency translation loss for the corresponding year 2018-2019 was of Tk. 25,06,638) arising due to translation of trade payables in foreign currency at the reporting date.

20.02	For revenue expenses		
	Audit fee	297,000	297,000
	C & F charges	7,184,208	5,408,753
	Commission on sales	4,303,122	3,187,244
	Electricity bill	2,149,497	110,865
	Employee salaries, director's remuneration and others	28,497,722	26,430,721
	Gas charges	4,469,789	1,557,032
	Insurance expenses	740,116	5,449,542
	Provident fund	97,383,769	79,073,891
	Rent expenses	21,408,016	15,312,274
	Telephone & mobile bill	583,587	266,880
		167,016,826	137,094,202
20.03	For other Finance		
	IPO over subscription money payable	574,216	584,168
	Staff income tax	392,010	899,105
	Supplier income tax	480	291,261
	Tax & VAT on rent expenses	84,027	101,851
	Tax & VAT on audit fee	82,500	82,500
	VAT payable-others	287,882	165,076
	Dividend deposited but not yet claimed	535,680	367,984
		1,956,795	2,491,945
21.00	Current tax liability		
	Opening balance	43,446,375	36,859,697
	Add: Provision made during the year	31,009,375	33,120,479
		74,455,750	69,980,176
	Less: Paid/adjusted during the year	(33,976,200)	(26,533,801)
		40,479,550	43,446,375
21.01	20 Iune 20	120	20 June 2010

21.01	Reconciliation of effective tax rate		30 June 2020		30 June 2019
		Rate	Taka	Rate	Taka
	Profit before tax		172,390,193		171,575,583
	Total income tax expenses	17.99%	31,009,375	19.30%	33,120,479
	Factors affecting the tax charge:				
	Tax using the applicable rate	25.00%	43,097,548	25.00%	42,893,896
	Difference between accounting and fiscal depreciation	1.12%	1,930,759	-1.40%	(2,406,280)
	Inadmissible expenses	1.21%	2,081,647	1.23%	2,112,185
	Difference between WPPF & WF provision and payment	-0.85%	(1,465,273)	0.13%	220,240
	Difference between gratuity provision and payment	2.13%	3,679,097	1.40%	2,401,245
	Rebate on export sales	-10.98%	(18,931,446)	-6.98%	(11,970,345)
	Adjustment for reduced rated taxable income	0.00%	-	-0.07%	(115,000)
	Unrealised profit/(loss) from investment in associates	0.36%	617,043	-0.01%	(15,462)
		17.99%	31,009,375	19.30%	33,120,479



		Note(s)	30 June 2020 Taka	30 June 2019 Taka
22.00	Short term bank loan	Trote(s)	Laka	1 dha
22.00	Bank Overdraft	22.01	83,465,695	14,945,579
	Loan Against Trust Receipt (LATR)	22.02	1,269,138	24,850,614
	Local Documentary Bill Purchase (LDBP)	22.03	104,850,002	351,688,492
	Demand Loan and Time Loan	22.04	352,527,147	198,947,900
			542,111,982	590,432,585
22.01	Bank Overdraft			
	Bank Asia Limited		37,059,866	13,461,436
	Southeast Bank Limited		46,405,829	1,484,143
			83,465,695	14,945,579
22.02	Loan Against Trust Receipt (LATR)			
	Southeast Bank Limited		-	24,127,227
	Bank Asia Limited		1,269,138	723,387
			1,269,138	24,850,614
22.03	Local Documentary Bill Purchase (LDBP)			
	Bank Asia Limited		86,269,476	203,465,183
	Standard Chartered Bank		18,580,526	148,223,309
			104,850,002	351,688,492
22.04	Demand Loan and Time Loan			
	Bank Asia Limited		265,450,965	118,947,900
	Standard Chartered Bank		80,000,000	80,000,000
	Liabilities for interest payment deferral		7,076,182	
			352,527,147	198,947,900
23.00	Provision for WPPF and Welfare Fund			
	Opening balance		74,095,719	64,895,319
	Add: Provision made during the year		9,073,168	9,030,294
	Add: Interest during the year	26.00	8,326,587	8,319,440
	Less: Paid during the year		(14,934,258)	(8,149,334)
			76,561,217	74,095,719

As per provision of Workers' Profit Participation Fund (WPPF) and Welfare Fund (WF) of Labor Act 2006, the company has been maintaining provision of WPP & WF since 2010. Meantime, the company has credited interest on the non-distributed WPP & WF fund till 30 June 2020 with a view to protecting the interest of the workers. However, during the year the Company has paid WPPF and Welfare Fund for the year 2013 and year 2014 to the trust account. The contribution to Workers Welfare Foundation shall be deposited within two months of the next Annual General Meeing of the Company. The Company is maintaining proper accounts of the fund and shall arrange for the audit at an early date.

		30 June 2020		30 June 2019	
	Notes	USD	Taka	USD	Taka
24.00 Revenue					
Export sales	24.01	23,160,565	1,922,326,909	28,376,280	2,302,159,637
1		23,160,565	1,922,326,909	28.376.280	2.302.159.637



24.01 Details of export sales during the year are as follows :

	30 Ju	ne 2020	30 Jui	ne 2019
Product name	(%)	Taka	(%)	Taka
Carton	77.25%	1,484,990,358	77.41%	1,782,071,439
Label	2.63%	50,552,893	3.53%	81,177,670
Elastics and Narrow Fabrics	4.83%	92,827,620	5.53%	127,283,883
Offset Printing	3.60%	69,152,318	2.91%	66,910,837
Heat Transfer Printing	0.58%	11,199,192	0.60%	13,867,267
Button	4.90%	94,262,159	5.04%	116,112,745
Gum Tape	1.33%	25,656,397	0.96%	22,058,018
Hanger	4 87%	93,685,972	4.03%	92,677,778
	100%	1,922,325,909	100%	2,302,159,637

25.00		Note(s)	30 June 2020 Taka	30 june 2019 Taka
25.00	Cost of goods sold	25.04		
	Raw materials consumed	25.01	1,183,364,147	1,570,610,082
	Factory overhead	25.02	313,369,615	315,215,863
	Cost of Production		1,496,733,762	1,885,825,945
	Add: Opening work-in-process	0.00	26,269,317	27,448,184
	Less: Closing work-in-process	9.00	(24,330,967)	(26,269,317)
	Cost of goods manufactured	27.00	1,498,672,112	1,887,004,812
	Goods used for sample making	27.00	(935,150)	(1,405,275)
	Oracia Gridadanal		1,497,736,962	1,885,599,537
	Opening finished goods Cost of goods available for sale		11,564,987	10,121,068
	0	9.00	1,509,301,949	1,895,720,605
	Closing finished goods	9.00	(9,650,877)	(11,564,987)
			1,499,651,072	1,884,155,618
25.01	Raw materials consumed			
25.01	Opening inventory		244 574 444	140.070 414
	Add: Purchases during the year		341,571,661	468,878,644
	Total materials available		1,312,847,540	1,443,303,099
	Less: Closing inventory	9.00	1,654,419,201	1,912,181,743
	Less. Closing inventory	9.00	(471,055,054) 1,183,364,147	(341,571,661) 1,570,610,082
			1,183,304,147	1,570,610,082
25.02	Factory overhead			
	Salaries, wages and others		145,312,327	131,912,641
	Ansar/security cost		2,733,325	3,333,218
	Depreciation	4.00	81,593,426	83,452,817
	Electricity expenses		4,677,376	8,806,712
	Fuel expenses		10,627,555	12,972,814
	Gas and furnace oil expenses		23,307,637	22,875,827
	Generator running expenses		1,408,172	1,850,388
	Gratuity	18.00	3,041,855	2,295,781
	Insurance premium		2,934,469	2,342,158
	Labour charges		2,838,860	3,168,445
	Printing and processing charges		3,143,333	4,131,579
	Repair and maintenance		4,627,237	5,602,884
	Stores and spares consumption	25.03	15,452,633	19,086,508
	Telephone expenses		1,565,487	1,654,228
	Testing fee		2,847,664	3,352,704
	Uniform and liveries		846,054	809,685
	Vehicle maintenance expenses		5,966,249	7,035,739
	Water and sanitation expenses		445,956	531,735
			313,369,615	315,215,863



	Note(s)	30 June 2020 Taka	30 June 2019 Taka
25.03 Stores and spares consumption			
Opening inventory		47,798,637	52,924,969
Add: Purchases during the year		29,920,318	13,960,176
Total spare parts available		77,718,955	66,885,145
Less: Closing inventory	9.00	(62,266,322)	(47,798,637)
		15,452,633	19,086,508
26.00 Operating expenses			
Salaries and allowances		61,674,843	61,140,088
Director's remuneration		2,400,000	2,500,000
Audit fee		379,500	379,500
Amortization	5.00	450,991	710,108
Depreciation	4.00	20,398,356	20,863,204
Electricity expenses		825,419	1,554,126
Entertainment		2,059,002	2,104,048
Fuel expenses		1,875,451	2,289,320
Gratuity	18.00	12,167,420	9,183,122
Group insurance	20100	713,536	619,633
Guest house expenses		469,595	345,600
Insurance expenses		1,579,930	1,839,583
Interest on WPPF	23.00	8,326,587	
Internet expenses	25.00	1,868,961	8,319,449
Medical expenses			1,898,056
		126,810	313,608
Miscellaneous expenses		805,120	1,145,120
Periodicals expenses		24,067	27,305
Office maintenance		229,301	392,040
Postage and parcel expenses		515,124	650,777
Printing and stationeries		1,693,645	2,137,809
Professional fees		80,500	375,203
Rent expenses - Dhaka office		7,379,064	7,027,680
Rent, rates, license, renewal and others fee		2,458,468	2,588,675
Repair and maintenance		574,759	988,744
Security cost - Ansar cost		482,351	588,215
Fooding expenses		1,603,960	2,234,580
Training expenses		50,660	26,629
Telephone		1,565,487	1,654,228
Travelling and conveyance		785,120	1,141,890
Vehicle maintenance expenses		662,917	781,749
		134,226,944	135,820,080
7.00 Selling and distribution expenses			×
Salaries and allowances		16,963,163	14,718,580
Advertisement expenses		903,427	1,184,273
Carriage outward		22,508,292	27,921,975
Sales promotion and commission expenses		9,884,761	11,369,179
Sample expenses	25.00	935,150	1,405,275
		51,194,793	56,599,282



		30 June 2029 Taka	20 June 2019 Taka
28.00	Finance cost	88,759,426	117 021 286
	Interest on bank loan, intercompany loan and others	12,874,852	117,021,386
	Bank charges and commission	101,634,278	130,101,160
29.00	Finance income		
	Interest earned from FDR	1,004,999	1,037,191
	Interest earned from STD	62,480	30,744
	Interest income from inter-company receivable	41,786,017	46,566,396
	Gain/(Loss) on currency fluctuation	2,814,743	32,340,060
		45,668,239	79,974,391
30.00	Other income		
	Rental income	1,560,000	1,560,000
	Gain on sale of assets	612,005	1,650,960
	Wastage Sales	471,467 2,643,473	1,875,183 5,086,143
31.00	Reconciliation of cash generated by operations		
	Profit before income tax	172,390,193	171,575,583
	Depreciation charged	101,991,782	104,316,021
	Amortization charged	450,991	710,108
	(Gain)/loss on sale of property, plant and equipment	(612,006)	(1,650,960
	Profit/(loss) from investment in associates	2,468,173	(61,846)
	Finance Income	(45,668,239)	(79,974,391
	Finance Cost	101,634,278	130,101,160
	Increase in Inventory	(99,366,093)	197,789,999
	Decrease in Trade Receivables (after adjusting foreign currency fluctuation gain)	173,271,029	59,007,805
	(Increase)/ Decrease in other receivables	(922,827)	-
	(Increase) / Decrease in Advances, Deposits and Pre-payments	(15,821,535)	17,265,258
	Increase in Trade and Other payables (after adjusting foreign currency fluctuation loss)	226,243,191	(376,192,369)
	Increase in provision of WPPF and WF	2,465,498	9,200,400
	Increase in the provision of gratuity	14,716,386	9,604,978
		633,240,821	241,691,746

32.00 Earnings Per Share (EP\$)

32.01 Basic Earnings Per Share

The computation of EPS is given below:	
Total earnings attributable to the ordinary shareholders	144,679,379 138,440,217
Number of ordinary shares outstanding during the year	66,216,150 63,063,000
Weighted average number of ordinary shares outstanding during the year	66,216,150 63,063,000
Basic Earnings Per Share	2.18 2.20
Restated Earnings Per Share (Basic)*	2.09

Restated Earnings Per Share (Basic)*

*EPS for the year 01 July 2018 to 30 June 2019 has been restated based on the new weighted average number of ordinary shares in accordance with para 64 of IAS 33.

32.02 Diluted EPS

No diluted EPS was required to be calculated for the year since there was no scope for dilution of share during the year under review.

	30 June 2020 30 June 2019 T'aka Taka
32.03 Net Asset Value Per Share (NAV)	
Total Assets	3,310,894,874 3,278,162,975
Less: Liabilities	1,656,367,726 1,705,252,206
Net Asset Value (NAV)	1,654,527,148 1,572,910,769
Number of ordinary shares outstanding during the year	66,216,150 63,063,000
Net Assets Value (NAV) per share	24.99 24.94
	30 June 2020 30 June 2019
	Taka Taka

	537,786,706	
	66,216,150	
	8.12	

* Net operating cash flow per share increased significantly since management of the company deferred the suppliers payment to handle uncertain impact of COVID-19 pandemic.



127,257,365

63,063,000

2.02

32.04 Net operating cash flow per share

Net operating cash flows (from statement of cash flows)

Number of ordinary shares outstanding during the year Net operating cash flow per share

Annual Report 2019-2020

33.00 Contingent liabilities and commitment

Contingent liabilities and commitment at the reporting date are as follows

22.01	Back	•			30 June 2020 Taka	30 June 2019 Taka
33.01	Bank guarantee Bank Asia Limited				8,913,700	6,616,100
	EXIM Bank Limited				605,865	605,865
					9,519,565	7,221,965
					And don't descent of the second statements and	and an an an and the statement of a provided
33.02	L/C liabilities		-			
	Bank Asia Limited				49,857,729	104,357,955
	Star.dard Chartered Bank				8,646,167	86,350,862
					58,503,896	190,708,817

33.03 Capital expenditure commitment

There is no capital expenditure commitment as at 30 June 2020.

34.00 Directors' interest in contracts with the company

There was no transaction resulting in Directors' interest with the company.

35.00 Credit facility not availed

There was no credit facility available to the company under any contract, but not availed as on 30 June 2020 other than trade credit available in the ordinary course of business.

36.00 Related party transactions

In accordance with IAS-24 : Related Party Disclosures, key management personnel of the company are those persons having the authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly

36.01 Key Management Personnel Compensation

		30 June 2020 Taka	30 June 2019 Taka
Short term employee benefits		2,550,000	2,640,000
Post eployment benefits		-	
Other benefits		·	
		2.550.000	2,640,000

Key management personnel compensation includes benefits for employees of the rank of Direcctor and above.

Director's remuneration and festival bonus is given to the Managing Director only. Board meeting attendance fees are given to all the Directors. During the year 2019-2020 Managing Director's remuneration was BDT-24,00,000, in the year 2018-2019 it was BDT-24,00,000 and festival bonus was BDT-1,00,600. Attendance fees in connection with Board of Directors Meeting was BDT-1,50,000 during the year 2019-2020, it was 1,40,000 in the year 2018-2019.

36.02 During the year the Company carried out a number of transactions with related parties in the normal course of business on an arms' length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of IAS-24: Related Party Disclosures.

SL No.	Name of the Related Parties	Relationship	Nature of Transactions	Balance as on 01 July 2019	Transaction during the year (Net)	Balance as on 30 June 2020
1	KDS Apparels Limited	Common directorship	Receivable against Sales	2,457,091	530,988	2,988,079
2	KDS Fashion Limited	Common directorship	Receivable against Sales	47,900,053	13,167,399	61,067,452
3	KDS Garment Inds. Ltd.	Common directorship	Receivable against Sales	3,376,556	7,259,984	10,636,540
4	KDS Logistics Limited	Common directorship	Receivable against Sales	1,536,342	(1,536,342)	-
5	KDS IDR Limited	Common directorship	Receivable against Sales	61,790,845	(21,627,450)	40,163,395
6	KYCR Coil Ind. Limited	Common directorship	Receivable against Sales	318,476	(318,476)	-
7	KDS Poly Ind. Limited	Common directorship	Short Term Loan	245,393,333	(239,673,963)	5,719,370
8	KDS Thread Limited	Common directorship	Short Term Loan	28,328,766	239,755,534	268,084,300



37.00 Board of Directors (BOD) Meetings and

Name of Directors	Designation	Number of Meetings Held	Attendance
Mr. Khalilur Rahman	Chairman	6	6
Mr. Salim Rahman	Managing Director	6	6
Ms. Tahsina Rahman	Director	6	6
KDS Garment Industries Limited (Represented by Mr. Kamrul Hasan FCA)	Director	6	6
Mr. Muhammad Jamaluddin	Independent Director	6	6

38.00 Events after the reporting period

The Board of Directors in their meeting held on 13 October 2020 recommended 7.5% Cash and 7.5% Stock dividend for the year ended 30 June 2020 which is subject to approval by the shareholders in the Annual General Meeting (AGM).

39.00 Employee position of KDS Accessories Limited

Number of employees whose monthly salary was below Tk. 8,000 Number of employees whose monthly salary was above Tk. 8,000

	-	-	
1 C	1,218	1,297	
	1,218	1,297	

30 June 2020 30 June 2019

40.00 Quantitative information of production capacity for the year ended 30 June 2020

		30 June 2020			30 June 2019		
Particulars	Unit	Production Capacity (Pcs/GG)	Actual Production (Pcs/GG)	Capacity Utilization in (%)	Production Capacity (Pcs/GG)	Actual Production (Pcs/GG)	Capacity Utilization in (%)
Carton	Pcs	30,000,000	21,187,785	70.63%	30,000,000	26,210,626	87.37%
Label	Pcs	175,964,208	59,755,814	33.96%	175,964,208	87,492,430	49.72%
Elastics and Narrow Fabrics	Pcs	30,576,000	14,755,712	48.26%	30,576,000	19,076,753	62.39%
Offset Printing	Pcs	150,009,600	71,584,246	47.72%	150,009,600	87,763,426	58.51%
Heat Transfer Printing	Pcs	24,960,000	8,665,093	34.72%	24,960,000	11,768,543	47.15%
Button	GG	360,000	168,160	46.71%	360,000	208,659	57.96%
Gum Tape	GG	4,290,000	568,329	13.25%	4,290,000	643,139	14.99%
Hanger	GG	45,000,000	18,776,312	41.73%	45,000,000	21,390,858	47.54%

For calculation of capacity utilization, weighted average of actual production capacity of each product has been considered.

41.00 Financial instruments- Financial risk management

International Financial Reporting Standard IFRS 7 - Financial Instruments: Disclosures - requires disclosure of information relating to both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the company's policies for controlling risks and exposures.

The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyze 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. This note presents information about the company's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. The company has exposure to the following risks from its use of financial instruments.

a) Credit risk

b) Liquidity risk

c) Market risk



41.01 Credit risk

Credit risk is risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations which arises principally from the Company's receivables and investments.

(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 as follows:

	30 June 2020 Taka	30 June 2019 Taka
Investments in FDRs (Short term & long term)	15,460,607	14,643,184
Advances, deposits and prepayments	64,941,150	46,499,788
Trade and other receivables	935,967,269	1,098,764,231
Due from affiliated companies	273,803,670	273,722,099
Cash at bank	188,285,225	8,143,510
	1,478,457,921	1,441,772,812

(i) Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which customers operate. However, based on the company's operations there is no concentration of credit risk.

Ageing of trade receivables

The ageing of gross value at the reporting date that was not impaired was as follows:

	30 June 2020 Taka	30 June 2019 Taka
Dues within 3 Months	411,213,258	513,906,467
Dues over 3 Months but within 6 months	523,362,329	584,466,216
	934,575,587	1,098,372,683

The management believes that the amounts are collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

(ii) Due from affiliated companies

The carrying amount represents amount paid to one of the inter companies to meet its operational finance from time to time. The outstanding balance is redeemable including 9%-11% (30 June 2019: 10.33%) interest per annum and has no prescribed repayment schedule.

(iii) Cash and cash equivalents

The company held cash at bank of Tk. 18,82,85,225 at 30 June 2020 (2019: Tk. 81,43,510), which represents its maximum credit exposure on these assets. The balance with banks are maintained with both local branch of International banks and domestic scheduled banks.

(b) Credit exposure by credit rating

		30 June 2020	
	Credit rating	Taka	(%)
Trade receivables	NR	934,575,587	78.48%
Other receivables	NR	1,391,682	0.12%
Advances, deposits and prepayments	NR	64,941,150	5.45%
Cash and cash equivalents			
Cash in hand		1,713,266	0.14%
Cash at Banks	-	188,285,225	15.81%
Bank Asia Limited	AA2	4,955,563	2.63%
Dutch Bangla Bank Limited	AA	21,189,181	11.25%
HSBC	AAA	133,930,416	71.13%
Mutual Trust Bank Limited	AA	749,584	0.40%
National Credit & Commerce Bank	AA	-	0.00%
Standard Chartered Bank	AAA	27,459,330	14.58%
Trust Bank Limited	AA1	1,151	0.00%
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41.02 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its funancial liabilities that are settled by delivering cash. The Company's approach to manage 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.

Exposure to Liquidity risk

The following are the contractual maturities of financial liabilities:

	Coming	T	is for a g	Contractu	al cash flows	and the second
Non-derivative financial liabilities	Carrying amount	Interest rate	Within 12 months	1 to 5 Years	More than 5 years	Total
As at 30 June 2020	Taka	Percentage	Taka	Taka	Taka	Taka
Long term borrowings	73,992,408	9.00%-13.75%	59,382,368	· 14,610,040		73,992,408
Trade and other payable	791,706,989	N/A	791,706,989		-	791,706,989
Short term bank loan	542,111,982	3.53%-9.00%	542,111,982	-	-	542,111,982
Provision for WPPF and Welfare Fund	76,561,217	11.25%	76,561,217	-		76,561,217
	1,484,372,595		1,469,762,555	14,610,040	-	1,484,372,595
As at 30 June 2019 =					and the state of the second second second second	
Long term borrowings	318,720,870	10.00%-13.75%	150,891,654	167,829,216		318,720,870
Trade and other payable	558,458,901	N/A	558,458,901	-	-	558,458,901
Short term bank loan	590,432,585	4.98%-12.00%	590,432,585		-	590,432,585
Provision for WPPF and Welfare Fund	74,095,719	12.50%	74,095,719			74,095,719
-	1,541,708,075		1,373,878,859	167,829,216	-	1,541,708,075

41.03 Market risk

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

(a) Currency risk exposure and its management

The company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the company.

As at 30 June 2020, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

(i) Exposure to currency risk

As at 30 June 2020	GBP	USD	Taka
Foreign currency denominated assets			
Cash and cash equivalents	. 125	33,204	2,797,089
Trade receivables	-	11,145,803	934,575,587
	125	11,179,007	937,372,676
Foreign currency denominated liabilities			
Liability for Local Documentary Bill Purchase (LDBP)		1,234,255	104,850,002
Liability for Accepted Bills for Payment (ABP)	-	7,032,437	597,405,538
	-	8,266,692	702,255,540
Net exposure	125	2,912,315	235,117,136
<u>As at 30 June 2019</u>	GBP	USD	Taka
Foreign currency denominated assets			C PROVINCIAL PROPERTY AND AND A PROVINCIAL
Cash and cash equivalents	125	18,345	1,541,282
Trade receivables	-	13,185,746	1,098,372,683
	125	13,204,091	1,099,913,965
Foreign currency denominated liabilities			
Liability for Local Documentary Bill Purchase (LDBP)		4,161,994	351,688,492
Liability for Accepted Bills for Payment (ABP)	17,510	4,707,732	399,702,319
Liability for Accepted Dills for Layment (ADL)		NAME AND ADDRESS OF TAXABLE PARTY.	and the second se
Lability for Accepted Dills for Fayment (ADA')	17,510	8,869,726	751,390,811



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The company has translated all of its monetary items in foreign currency at the end of its accounting period by using two different rates since the bank offering two different rates for settling its assets and liabilities in foreign currency.

The following significant exchange rate is applied during the year:

	30 June 2020	30 June 2019
US Dollar		
For denoting asset in foreign currency	83.85	83.30
For denoting liabilities in foreign currency	84.95	84.50
GBP		
For denoting asset in foreign currency	103.24	104.65
For denoting liabilities in foreign currency	-	108.45

Being a 100% export oriented company, the company can directly mitigate foreign currency risk exposure by tradeoff between import and export.

(ii) Sensitivity analysis

A reasonably possible strengthening (weakening) of the GBP and US Dollar against BD Taka at the reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

		30 June Profit o	No. of Concession, Name of Street, or other	30 Jupe 2019 Profit or loss	
		Strengthening	Weakening	Strengthening	Weakening
		Taka	Taka	Taka	Taka
USD	(2% movement)	4,915,986	(4,915,986)	7,273,065	(7,273,065)
GBP	(2% movement)	259	(259)	(37,046)	37,046

(b) Transaction risk

Transaction risk is the risk that the company will incur exchange losses when the accounting results are translated into the home currency.

(c) Economic risk

Economic risk refers to the effect of exchange rate movements on the international competitiveness of the company.

(d) Interest risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimize the risks surrounding interest payments and receipts.

Exposure to interest rate risk

The interest rate profile of the company's interest- bearing financial instruments as reported to the management of the company is as follows.

Fixed- rate instruments	30 June 2020 Taka	30 June 2019 Taka
Financial assets	289,264,277	288,365,283
Financial liabilities	(616,104,390)	(909,153,455)
	(326,840,113)	(620,788,172)
Variable- rate instruments		
Financial assets		
Financial liabilities		-
	-	-

(e) Other market price risk

The company is exposed to equity price risk, which arises from available for sale equity and debt securities. Management of the company monitors its investment portfolio based on market indices and all buy and sell decisions are approved by the Directors.



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The following table shows the carrying amounts of financial assets and financial liabilities. 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.

					0		
		Fair value through Profit or loss	Held to Maturity	Loans and Receivables	Available for Sale	Other financial Liabilities	Total
30 June 2020	Note ref.	Taka	Taka	Taka	Taka	Taka	Taka
Financial assets not measured at fair value							
Trade and other receivables	10 & 11		•	935,967,269	,		935,967,269
Due from affiliated companies	13			273,803,670	•		273,803,670
Investments in FDR	8 & 14		,		15,460,607		15,460,607
Cash at bank	15.02		1	188,285,225			188,285,225
			.	1,398,056,164	15,460,607		1,413,516,771
Financial liabilities not measured at fair value							
Long term borrowings	17		'			(73,992,408)	(73,992,408)
Trade and other payables	20			,		(791,706,989)	(791,706,989)
Short term liabilities	22				'	(542, 111, 982)	(542,111,982)
						(1,407,811,378)	(1,407,811,378)
30 June 2019							
Financial assets not measured at fair value							
Trade and other receivables	10 & 11		'	1,098,764,231			1,098,764,231
Due from affiliated companies	13		•	273,722,099	•		273,722,099
Investments in FDR	8 & 14		'		14,643,184		14,643,184
Cash at bank	15.02		•	8,143,510			8,143,510
				1,380,629,840	14,643,184		1,395,273,024
Financial liabilities not measured at fair value							
Long term borrowings	17		•			(318, 720, 870)	(318,720,870)
Trade and other payables	20		'			(558, 458, 901)	(558,458,901)
Short term liabilities	22				•	(590, 432, 585)	(590, 432, 585)
			'			(1,467,612,356)	(1,467,612,356)



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