

KARNAPHULI PAPER MILLS LTD.

Chandraghona, Chittagong Division, Bangladesh

=====

Financial Statements & Auditor's Report

For the year ended June 30, 2023

এ, হক এন্ড কোং
A. HOQUE & CO.
CHARTERED ACCOUNTANTS
KHAN MANSION, 5TH FLOOR,
107, MOTIJHEEL C/A, DHAKA-1000.
Tel.: +880-2223382786, 9564295,
E-Mail: a.hoquecompany@gmail.com

জি, কিবরিয়া এন্ড কোং
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS
SADHARAN BIMA SADAN, 5TH FLOOR,
24-25, DILKUSHA C/A, DHAKA-1000.
Tel.: +8802-223388071,
E-Mail: gkibria@gkibriaandco.com

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF KARNAPHULI PAPER MILLS LIMITED**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Karnaphuli Paper Mills Limited which comprise the Statement of Financial Position as at 30th June, 2023, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Shareholders' & Govt. Equity and Statement of Cash Flows for the year then ended as on that date and notes to the Financial Statements including a Summary of Significant Accounting Policies and other explanatory information as described in note no. 1 to 20 and Annexure-A.

In our opinion, exception for the possible effects of the matters describe in the Basis for Qualified Opinion Section of our report, the accompanying Financial Statements present fairly in all material respects the financial position of the Company as at 30th June, 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

Basis for Qualified Opinion

Property, Plant & Equipment

Tk. 175,280,161

We draw attention to Note 5.01 of Property, Plant & Equipment amounting to Tk. 175,280,161. During the course of our audit, we were provided with details of the fixed asset schedule. Physical verification of fixed assets was not taken at the end of the year as well as the fixed assets valuation was not taken yet and also for a long year. This was reported last year also. Fixed Assets Identification number was not available on individual items of fixed assets.

Capital Work-in-Progress

Tk. 2,313,232,876

We draw attention to Note 5.02 of Capital Working Progress amounting to Tk. 2,313,232,876 regarding BMRE Project amounting to Tk. 2,218,794,318 and other of KPML amounting to Tk. 94,438,558. After discussion with management, we came to know that the work of the Projects has been stopped for several years ago and they have no intention to complete both the Projects. In our physical verification, we also found the same. As the Projects are unlikely to complete and we have significant doubt regarding the fair value of the existing infrastructure, so it has to conduct an impairment test in compliance with the IAS-36. The management didn't perform any impairment test and we are unable to quantify the necessary adjustment for this impairment. So, assets are overstated, and expenses are understated.

Deferred Expenses

Tk. 335,459,600

We draw attention to the note no. 5.03 which describes Deferred Expenses for accumulated interest against Government loan of Tk. 1,047,420,000 which is a 60% of total Government loan of Tk. 1,745,700,000 for BMRE Project. In our checking we have found that the interest @ 5% on Government loan up to 30.06.2019 mentioned above but no interest is being accounted for by the management of KPML from 01.07.2019.

Long Term Investment

Tk. 2,807,550

We draw attention to the note no. 6.00 which describes Long Term Investment in the financial year 1969-1970 for the purchase of 660,600 Shares of Tk. 10/- each of Karnaphuli Rayon & Chemicals Ltd., which was subsequently reduced by the auditors of KPML as of 30th June, 1977 and valued at Tk. 4.25 per Share. We observed that KRC declared pay-off as per the Government decision on 15 December 2002 but investment has not yet been realized or otherwise adjusted.



Inventories

Tk. 1,040,471,981

We draw attention to note no. 7.00 which describes Inventories is amounting to Tk. 1,040,471,981 (a) the management informed us that the physical stock-taking of inventories has been taken and they did not provide us any year-end physical inventory sheet with valuation except for finished goods.

(b) The management has valued finished goods as per the rate suggested by BCIC, not on the basis of lower of cost or net realizable value (IAS-2).

(c) Raw Materials (FRM Stock, Chipper House), Spares, Parts & Accessories, and Stores includes non-movable stores, deferred stores (FRM & RTD), and Thin Black Liquor which have no movement.

Advance, Deposit and Pre-payments

Tk. 119,606,565

We draw attention to note no. 7.03.2 of Advance to Contactors & Suppliers sub-head FRM Suppliers amounting to Tk. 52,96,643 which is shown in negative figure. Usually the amount supposed to be positive figure. After the discussion with management, the management unable to give proper explanation regarding this advance as well as unable to provide sufficient and appropriate supporting against advanced to Store Suppliers Adjustment. So the amount is understated.

Accounts Receivable/Trade Debtors

Tk. 89,870,322

We draw attention to note no. 7.05 of Accounts Receivable/Trade Debtors amounting of Tk. 89,870,322. The Opening Balance of trade debtors from Govt. & Industrial is TK. 91,040,658 as per last year audit report Tk. 107,852,644 as per current year ledger account which is shown in balance sheet. So the Assets are overstated by TK.16,811,986.

Other Receivable/Other Debtors

Tk. 24,594,353

We draw attention to note no. 7.06 of Accounts Receivable/Trade Debtors amounting to Tk. 24,594,353. Our Observations on the debtors' balance are as follows:

Shop Keepers

Tk. 8,479,813

The above balance represents rent and electricity charges receivable from the shopkeepers against shops allotted to them within the mill premises which has not been confirmed.

Setasa Trading

Tk. 4,400,000

The above balance has been carried forward since a long, details of which as per the previous year's audit report are given below:

The above balance has been carried forward since the date of the merger between KPM and Karnaphuli Paper Mills Limited. We have been informed that two barges were destroyed on 31 December 1988 in an accident, which was trader charter with Setasha Trading Co. Chittagong. Those two barges were not covered by the insurance policy. The management lodged a money suit vide No. 79/90 dated 05 August 1990 (Present No. 163/1994) and at present appointed law firm M/s. B. Ahmed & Co. is dealing with the matter. However, the matter remains unsettled until the date of our audit.

Current Account with Enterprise

Tk. 19,588,747

We draw attention to note 7.07 of Current Account with Enterprise as on 30th June, 2023. Most of the amounts have been carried forward since long without any realisation/adjustment. Management should take necessary steps to realize/adjustment of the above long unrealized amount without delay.

We have circulated balance confirmation for the selected parties but did not receive balance confirmation certificates from the selected debtors as yet during the course of our audit.

Cash & Bank Balance

Tk. 230,200,587

We draw attention to note 7.08.2 of cash at banks Tk. 230,200,587. Out of this, we are unable to confirm the existence of the following 11 (Eleven) banks balance amounting to Tk. 531,009.00 for which we have not been obtained any supporting documentary evidences:



Bank name	Branch name	A/c. no.	Balance as per Accounts	Remarks
Sonali Bank Ltd.	CNA Branch		302,327	No supporting documents found
Sonali Bank Ltd.	Mymensingh Branch		1,880	
Sonali Bank Ltd.	Lalmonirhat Branch		2,790	
Agrani Bank Ltd.	CTG. (D.C.L) Branch		1,156	
Sonali Bank Ltd.	Narayanganj Branch		4,892	
Sonali Bank Ltd.	Matiranga Branch		5,112	
Sonali Bank Ltd.	Kalibari Branch	13046	59,408	
Agrani Bank Ltd.	CTG Branch	RTD	6,247	
Sonali Bank Ltd.	CTG Branch	STD 37	145,103	
Janata Bank Ltd.	Batakandi Branch		1,038	
Agrani Bank Ltd.	Chandpur Branch		1,056	
	Total		531,009	

And the other Bank Accounts which Bank statements have been provided, total balances does not match with the balance of Balance sheet which was shown by the Company.

Bank name	Branch name	A/c. no.	Balance as per Accounts	Balance as per statment	Remarks
Sonali Bank Ltd.	Chandraghona	54.....0032	5,26,30,656.00	8,305,325.51	Amount is overstated
Sonali Bank Ltd.	Chandraghona	54.....0054	15,091,210.00	14,298,741	
Sonali Bank Ltd.	Laldighi	10.....1704	33,960,389.00	-30,668.24	
Sonali Bank Ltd.	Malibagh	16.....018	463,777.00	4,165,470.27	
Sonali Bank Ltd.	Malibagh	16.....3875	5,176,897.00	223,044.64	
Agrani Bank Ltd.	Chandraghona	06	116,816,045.00	682,488.84	
Basic Bank	Sholoshahar	SND.....866	00.00	42,774,845.01	
Basic Bank	Sholoshahar	CD.....3128	5,530,604.00	22,992.74	
	Total		229,669,578.00	70,442,239.77	

The total Balance is overstated by **Tk. 159,758,347.23**. The bank balance does not comply with the accounts balance and the management does not maintain reconciliation statements which may create misstatements in the financial statements as well as the financial statements may not be presented as a true and fair view.

Bank Overdraft

Tk. 140,613,211

We also draw attention to the note no. 12.08 for bank overdraft maintained with the under-mentioned Sonali Bank Ltd. In our checking, we have not found Sonali Bank's overdraft loan statement (BDT 944,721) as at 30 June 2023 & another account of Sonali Bank Ltd. (Ac No # 0017) is a balance mismatch with the Financial Statement.



The details of which are shown as under:

Particulars		Amount (Tk.)
This is made up as follows:		
Sonali Bank Ltd. Ctg.		944,721
Sonali Bank Ltd. CNA		34,373,287
		35,318,008
	As per Ledger	As per Bank Statement Cr.
Sonali Bank Ltd., Ctg. A/c. # 0017	34,373,287	49,244.55
	34,373,287	49,244.55

The above details reveal that an excess liability of BDT 34,324,042.45 (34,373,287-49,244.55) has been shown in the accounts. In our scrutiny, reconciliation for the bank overdraft has not been made for long. So, the Liabilities have been overstated for Tk. BDT 34,324,042.45 against Bank overdraft.

Work-in-Process

Tk. 109,910,140

We draw attention to the note no. 7.01.4 which describe about work in Process. We identified that the amount of work-in-process have been carried forward from several years. But this is not possible, because the price of Raw material is not constant. The Company unable provide any supporting's against work in process. So, the Assets are overstated.

Interest-free Govt. Loan

Tk. 57,100,000

As disclosed in the note. 11.01, the Company has recognized an Interest-free Govt. Loan of BDT 57,100,000 as at 30 June 2023 (BDT 57,100,000 as at 30 June 2022). Out of these loans, our audit procedures identified that the amount remained unpaid for a long period of time. The loan had been taken in 1994 from Janata Bank. The Company has not made any adjustments yet as well as the company was unable to provide the current position of the loan balances for us to ascertain the completeness of this loan. As a result, we have concluded the balance may be materially misstated.

Debenture Loan

Tk. 112,280,951

As disclosed in the note. 11.03, the Company has recognized a Debenture Loan of BDT 112,280,951 as at 30 June 2023 (BDT 112,280,951 as at 30 June 2022). Out of these loans, our audit procedures identified that the amount remained unpaid for a long period of time. The loan had been taken before the liberation war in Bangladesh from a bank. The Company has not made any adjustments yet as well as the company was unable to provide the current position of the loan balances for us to ascertain the completeness of this loan. As a result, we have concluded the balance may be materially misstated.

Non-Development- ADP Loan

Tk. 130,500,000

As disclosed in the note. 11.04, the Company has recognized a Non-Development- ADP Loan of BDT 130,500,000 as at 30 June 2023 (BDT 130,500,000 as at 30 June 2022). Out of these loans, our audit procedures identified that the amount remained unpaid for a long period of time. The Company has not made any adjustments yet as well as the company was unable to provide the current position of the loan balances for us to ascertain the completeness of this loan. As a result, we have concluded the balance may be materially misstated.

Loan from CUFL (Chittagong Urea Fertilizer Limited)

Tk. 101,362,192

As disclosed in the note. 11.05, the Company has recognized a CUFL Loan of BDT 101,362,192 as at 30 June 2023. Out of these loans, our audit procedures identified that the loan had been taken in 2001 from Chittagong Urea Fertilizer Limited of BDT 40,000,000. The company did not make any payment of the principal amount as well as interest accrued. As a result, the loan amount increased due to adding interest accrued and now it is a value of BDT 101,362,192. The Company has not made any adjustments yet. As a result, we have concluded the balance may be materially misstated.



Other Expenses

Tk. 65,390,776

We draw attention to note 12.03.2 of Other & Miscellaneous Expenses payable as on 30th June, 2023. The above balance includes Tk. 43,842,520 as per last account except Self Manufacturing Clearing A/C Alum amounting to 21,285,654 and Account Provision for Head Office Levy amounting to Tk. 262,602 and the remaining amounts of Tk. 43,842,520 are being carried forward since long. In our opinion, after proper checking the balance which are not liable to pay, it should be written back to the accounts after obtaining approval from the competent authority.

BCIC Current Account A/C no-210301

Tk. 1,285,416,373

We draw attention to note # 12.02 regarding BCIC Current Account A/C no-210301 of BDT 1,285,416,373. The Company was unable to provide sufficient and reliable audit evidence other than the ledger for us to ascertain the completeness of the expenses. As a result, we have concluded the balance may be materially misstated.

Provision for Interest on Loan

Tk. 17,569,504

As disclosed in the note. 12.03, the Company has recognized a Provision for Interest on Loan of BDT 17,569,504 as at 30 June 2023. (BDT 17,569,504 as at 30 June 2022). Out of these loans, our audit procedures identified that the amount remained unadjusted for a long period of time. The Company has not made any adjustments yet as well as the company was unable to provide the current position of the interest balances for us to ascertain the completeness of this interest provision. As a result, we have concluded the balance may be materially misstated.

Creditors for other Finance (Int. on Agrani Bank Debenture & Adv. Received Agt. Scrap Sales)

Tk. 10,446,721

We draw attention to note. 12.04 regarding Creditors for other Finance. The Company has recognized an Interest on Agrani Bank Debenture of BDT 6,567,497 as at 30 June 2023 (BDT 6,567,497 as at 30 June 2022). & Advance Received Against Scrap Sales of BDT 3,879,224 as at 30 June 2023. (BDT 3,879,224 as at 30 June 2022). Our audit procedures identified that the amount remained unadjusted for a long period of time. The Company has not made any adjustments yet as well as the company was unable to provide the current position of the liability balances for us to ascertain the completeness of this liability. As a result, we have concluded the balance may be materially misstated.

Current Account with Enterprise (BISF, Polash Urea Fertilizer Factory (PUFF) Ltd., BMR Of KPM Ltd., KNM Ltd, NBPM Ltd.)

Tk. 154,517,568

We draw attention to note. 12.06 regarding Current Account with Enterprise. The Company has recognized a BISF of BDT 1,666,360 as at 30 June 2023 (BDT 1,666,360 as at 30 June 2022), Polash Urea Fertilizer Factory (PUFF) Ltd. of BDT 2,333,905 as at 30 June 2023 (BDT 2,333,905 as at 30 June 2022), BMR Of KPM Ltd. of BDT 142,905,987 as at 30 June 2023 (BDT 142,905,987 as at 30 June 2022), KNM Ltd of BDT 4,381,319 as at 30 June 2023 (BDT 4,381,319 as at 30 June 2022), NBPM Ltd of BDT 3,229,997 as at 30 June 2023 (BDT 3,229,997 as at 30 June 2022). Our audit procedures identified that the amount remained unadjusted for a long period of time. The Company has not made any adjustments yet as well as the company was unable to provide the current position of the liability balances for us to ascertain the completeness of this liability. As a result, we have concluded the balance may be materially misstated.

General Admin Exps. (Colony maint and others, Travelling and Conveyance, Municipal Tax, Vehicles running and maint)

Tk. 10,273,641

We draw attention to note # 15.00 regarding General Admin Exps. The Company has recognized a Travelling and Conveyance of BDT 3,070,230, Vehicles running and maint of BDT 1,223,778 Colony maint and others of BDT 4,163,365, Municipal Tax of BDT 1,816,268 as at 30 June 2023. The Company was unable to provide sufficient and reliable audit evidence for us to ascertain the completeness of the expenses. As a result, we have concluded the balance may be materially misstated.



Repair & Maintenance

Tk. 13,010,517

We draw attention to note #14.01.3 regarding Repair & maintenance of BDT 13,010,517. The Company was unable to provide sufficient and reliable audit evidence other than the ledger for us to ascertain the completeness of the expenses. As a result, we have concluded the balance may be materially misstated.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 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)* together with the ethical requirements that are relevant to our audit of the financial statements in jurisdiction and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Qualified Opinion.

Emphasis of Matter:

Material Uncertainty Related to Going Concern

We draw attention to the note no. 10.02 in the financial statements, which indicates that the Company incurred a cumulative loss of Tk. 7,685,603,091 as on 30th June, 2023 and, as of that date the Company's current & non-current liabilities exceeded its total assets by Tk. 6,346,226,739. We also draw attention to the new contracts with customers difficulties, inability to pay creditors on due date, inefficiency of key management indicated by the financial statements of the Company. As stated in note no. 10.02 and others stated above, these events or conditions alongwith other matters as set forth in note no. 10.02, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The management is, however, confident that the Company will continue in operational existence for a foreseeable future on the basis of continued support of the Company's banks and shareholders. Our opinion is not modified in respect of this matter.

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 of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters and accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters	How our audit addressed the key audit matters
Revenue: The Company has reported a sale (revenue) of Taka 279,453,595 for the year ended 30th June, 2023. Following the application of the revenue recognition standard (IFRS 15, Revenue from Contracts with Customers), the Company adopted its accounting policies.	Our procedures included obtaining an understanding of management's revenue recognition process; we tested a sample of transactions to verify whether the revenue was accounted for in accordance with the revenue accounting policy as disclosed in note 3.05 and 13.00 of the financial statements. In addition, we assessed whether the disclosed revenue accounting policy was in accordance with relevant accounting standards.



Key Audit Matters	How our audit addressed the key audit matters
Under IFRS 15 revenue is recognized when a performance obligation is satisfied by transferring control over a promised good or service to a customer. Goods are considered as transferred when (or as) the customer obtains control of those goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT). The sales of the company are derived from a large number of distributors located over the country with relatively small amount of transactions. As a result, to obtain sufficient audit evidence, high magnitude of audit work and resource are required. We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations. We focused on the proper cut-off of sales to the Company's customers due to the fact that the documents of confirmation of dispatch of goods were provided by numerous transporting agencies based on different locations. There is a risk of differences between the timing of invoicing of products and the dispatch of the products to the company distributors. Accordingly, there could be potential misstatements that these revenue transactions are not recognized in the proper reporting periods. See note no. 3.05 and 13.00 to the financial statements	For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions. With regard to the implementation of IFRS 15 we verified management's conclusion on assessing different types of contracts and the accuracy of the revised accounting policies in light of the industry specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment on a sample basis. In addition, we verified the accuracy of IFRS 15 related disclosures. These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments and inspected meeting minutes to identify relevant changes in their assessments and estimates. Our audit approach was a combination of test of internal controls and substantive procedures which included the following: ♦ Evaluated the design of internal controls relating to recording of efforts incurred and estimation of efforts required to complete the performance obligations. ♦ We conducted substantive testing of revenue recorded over the year using sampling techniques by examining the relevant supporting documents including sales invoices and depot wise sales bank reconciliation report, bank statement and also, we confirmed selected customers' receivable balances at the balance sheet date, selected on a sample basis by considering the amount outstanding with those customers ♦ We specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off. ♦ We tested the completeness of journal entries compared to financial statements; as well as if there any exception existed that the debit accounts of sales recognition were not related to cash and bank, trade receivable or advances from customers. ♦ Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.



Valuation of Inventory (Stock & Stores)	How our audit addressed the key audit matters
The Company had inventory (Stock & Stores) of Taka 1,040,471,981 at 30th June, 2023 held in different depot and warehouses. Inventories consisting of raw materials, working process, finished goods, spare parts and stock in transit are valued at lower of cost and net realizable value. Cost of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using the weighted average cost formula. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying amount of inventories to the lower of cost and net realizable value. Net realizable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale Moreover, the process of estimating provision for inventories is judgmental and complex. Due to high level of judgment involved and use of some manual process in estimating the provision and net realisable value of inventories, we considered this to be a key audit matter. See note no. 3.06 and 7.01 to the financial statements.	We tested the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by: ♦ evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of, factory production house, warehouse, and sales depots; ♦ evaluating internal controls to monitor or keep track of Inventory Movement; ♦ attending inventory count on 30th June, 2023 and reconciling the count results to the inventory listing to test the completeness of data; ♦ comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories; ♦ reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; ♦ challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow moving/obsolete stock are valid and complete; ♦ evaluating the correctness of the batch wise costing of final products; ♦ evaluating the correctness of the valuation of raw materials and packing material as per weighted average method; ♦ reviewing the calculation of standard labour hours and their regular comparison with actual labour hours of production; and reviewing the process of valuing work-in-process; ♦ we have also considered the adequacy of the Company's disclosure in respect of the levels of provisions against inventory.
Current Tax Provisioning	How our audit addressed the key audit matters
At the year end the Company reported total income tax expense (Current Tax) of Taka. 1,709,764. The opening balance of provision for tax amounting to Taka. 14,920,632 and the provision made during the year under audit is Tk. 1,709,764 and thus the total provision is Tk. 16,630,396. The calculation of the tax expense is complex process that involves subjective judgments and uncertainties and requires specific knowledge and competencies. We have determined this to be a key audit matter, due to the complexity in income tax provisioning. See note no. 3.11 (a) and 12.09 to the Financial Statements.	Our audit procedure in this area included, among others: Use of own tax specialist to assess the company's tax computation. Our tax specialists were also taking into account the company's tax position and our knowledge and experience of the application of relevant tax legislation. To analysis and challenge the assumption used to determine tax provision based on our knowledge and experience of the application of the local legislation. Evaluating the adequacy of the financial statement disclosure, including disclosure of key assumption judgments and sensitive related to tax.



Other Information

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

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

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

After going through the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of Financial Statements in accordance with IFRS's, The Companies Act, 1994, The Securities and Exchange Rules, 1987 and 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. The Companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management functions of the Company.

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 with International Standards on Auditing (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 International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- ^ Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a 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.
- ^ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

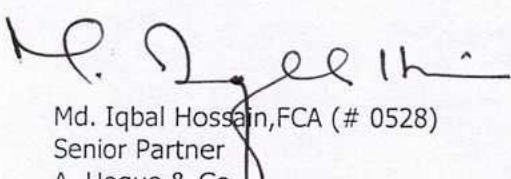
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation 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.

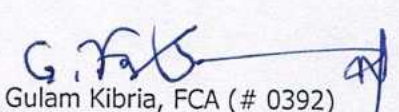
We have not come across any key audit issues for the year under audit and as such nothing is reportable.

Report on Other Legal and Regulatory Requirements:

In accordance with the Companies Act, 1994, International Standards on Auditing (ISAs) and the Securities and Exchange Rules, 2020, we also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books adequate for the purposes of our audit;
- (c) the company's 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.
- (d) the expenditure incurred for the purposes of the company's business.


Md. Iqbal Hossain, FCA (# 0528)
Senior Partner
A. Hoque & Co.
Chartered Accountants


A.K. Gulam Kibria, FCA (# 0392)
Managing Partner
G. Kibria & Co.
Chartered Accountants

DVC2505260392AS612102

Dated : 26 MAY 2025
Place : Dhaka, Bangladesh



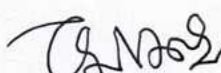
KARNAPHULI PAPER MILLS LTD.
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2023

Property and Assets	Notes	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
Non-Current Assets:	5.00	2,823,972,637	2,783,356,020
Property, Plant and Equipments	5.01	175,280,161	187,034,544
Capital Work-in-Progress	5.02	2,313,232,876	2,313,232,876
Deferred Expenses	5.03	335,459,600	283,088,600
Long term Investment		2,807,550	2,807,550
Investment (Karnaphuli Rayon & Chemicals Ltd.)	6.00	2,807,550	2,807,550
Current Assets:	7.00	1,810,488,790	1,962,556,237
Inventories	7.01	1,040,471,981	1,191,725,380
Investment in FDR	7.02	130,512,732	512,732
Advance, Deposit & Pre-payments	7.03	119,606,565	105,426,078
Advance against Income Tax	7.04	155,334,596	155,334,596
Accounts Receivable/Trade Debtors	7.05	89,870,322	161,375,388
Other Receivable/Other Debtors	7.06	24,594,353	26,513,347
Current Account with Enterprise	7.07	19,588,747	20,604,569
Cash and Cash Equivalents	7.08	230,509,492	301,064,147
Total Property and Assets		4,637,268,978	4,748,719,807
Shareholders' Equity and Liabilities			
Authorized Share Capital	8.00	1,500,000,000	1,500,000,000
Shareholders' & Government Equity:		(6,346,226,739)	(6,020,132,836)
Paidup Capital and Govt. Equity:	9.00	995,242,685	995,242,685
Issued, Subscribed & Paidup Capital	9.01	46,000,070	46,000,070
Govt. Equity/Capital Contribution	9.02	949,242,615	949,242,615
Reserve & Contingent Account:	10.00	(7,341,469,424)	(7,015,375,521)
Capital Reserve	10.01	344,133,667	344,133,667
Retained Earnings	10.02	(7,685,603,091)	(7,359,509,188)
Long Term Liabilities:	11.00	2,737,885,851	2,737,501,347
Interest Free Govt. Loan	11.01	57,100,000	57,100,000
Government Loan (BMRE)	11.02	1,729,998,318	1,677,627,318
Debenture Loan	11.03	112,280,951	112,280,951
Non-Development Govt. Loan (Add)	11.04	130,500,000	130,500,000
Loan From CUFL	11.05	101,362,192	98,562,192
Deferred Liabilities (Gratuity)	11.06	606,644,390	661,430,886
Current Liabilities & Provisions:	12.00	8,245,609,865	8,031,351,296
BCIC Loan Account	12.01	5,149,579,041	4,910,036,679
BCIC Current Account	12.02	1,285,416,373	1,281,902,003
Creditors for Expenses	12.03	254,452,124	402,378,748
Creditors for Other Finance	12.04	795,617,576	788,413,839
Creditors for Suppliers/pay	12.05	342,524,951	332,951,734
Current Account with Enterprise	12.06	259,721,788	259,732,545
Creditors for WPPF	12.07	1,054,405	1,011,405
Bank Overdraft	12.08	140,613,211	40,003,711
Provision for Income Tax	12.09	16,630,396	14,920,632
Total Shareholders' Equities & Liabilities		4,637,268,978	4,748,719,807

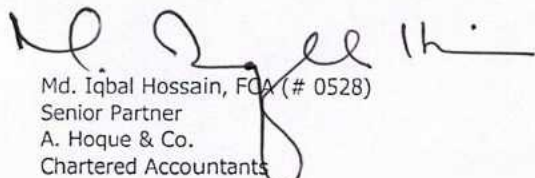
The annexed notes from 1 to 20 and Annexure-A form an integral part of these financial statements

This is the Statement of Financial Position referred to in our separate report of even date annexed


Company Secretary


Managing Director

Director


Md. Iqbal Hossain, FCA (# 0528)
Senior Partner
A. Hoque & Co.
Chartered Accountants


A. K. Gulam Kibria, FCA (# 0392)
Managing Partner
G. Kibria & Co.
Chartered Accountants

Dated: 22.05.2025
Place: Dhaka, Bangladesh

DVC
2505260392AS612102
2505260392AS612102



KARNAPHULI PAPER MILLS LTD.

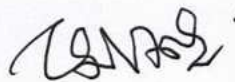
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE, 2023

Particulars	Notes	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
Sales (Revenue) (A)	13.00	279,453,595	296,524,444
Less: Cost of Goods sold (B)	14.00	531,002,419	695,824,950
Gross Profit/(Loss) (A-B)=(C)		(251,548,824)	(399,300,506)
Less: Operating Expenses:			
General & Administrative Expenses	15.00	70,821,298	98,438,266
Sales & Distribution Expenses	16.00	4,478,085	7,529,568
Total Operating Expenses (D)		75,299,382	105,967,834
Operating Profit/(Loss) (C-D)=(E)		(326,848,206)	(505,268,340)
Add: Non-Operating Income			
Other Income	17.00	5,507,133	3,489,392
Total Non-Operating Income (F)		5,507,133	3,489,392
Less: Non-Operating Expenses			
Financial Expenses	18.00	3,043,066	4,696,534
Total Non-Operating Expenses (G)		3,043,066	4,696,534
Net Profit/(Loss) before Tax (E+F-G)=(H)		(324,384,139)	(506,475,482)
Income Tax Expenses	19.00	1,709,764	1,800,083
Net Profit/(Loss) after Tax (H-I)=(J)		(326,093,903)	(508,275,565)

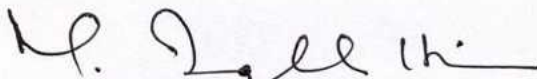
The annexed notes from 1 to 20 and Annexure-A form an integral part of these financial statements

This is the Statement of Profit or Loss and Other Comprehensive Income referred to in our separate report of even date annexed


Company Secretary


Managing Director

Director


Md. Iqbal Hossain, FCA (# 0528)
Senior Partner
A. Hoque & Co.
Chartered Accountants


A. K. Gulam Kibria, FCA (# 0392)
Managing Partner
G. Kibria & Co.
Chartered Accountants
DVC: 2505260392AS612102

Dated: 22.05.2025
Place: Dhaka, Bangladesh



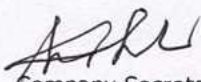
KARNAPHULI PAPER MILLS LTD.

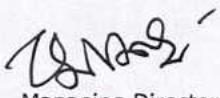
STATEMENT OF SHAREHOLDERS' & Govt. EQUITY
ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 2023

Particulars			Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
A) Paid-Up-Capital :			46,000,070	46,000,070
4,600,007 Ordinary Shares of Tk.10/ each fully paid in Cash				
B) Govt.Equity :			949,242,615	949,242,615
Share Money in Advance			46,500,000	46,500,000
Conversion of ADP Loan Local Currency into Equity (81)			8,154,715	8,154,715
Transferred Out of Reserve (1981-1982)			49,345,215	49,345,215
Transferred from ADP (KPM)			36,180,285	36,180,285
Transferred from ADP (FRM)			110,782,400	110,782,400
Govt.Equity portion on BMR-40%			698,280,000	698,280,000
Sub Total (A+B)			995,242,685	995,242,685
C) Reserve & Contingent Account				
Particulars	Capital Reserve	Retained Earnings	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
Balance B/F	344,133,667	(7,359,509,188)	(7,359,509,188)	(6,676,061,409)
Capital Fund (DCL)	23,452,053	-	23,452,053	23,452,053
Share Capital of KSL 50000 Ordinary Shares of Tk.	500,000	-	500,000	500,000
Capital Gain from disposal of Fix Assets	7,845,614	-	7,845,614	7,845,614
Capital Reserve Transf from Foreign Grant	312,336,000	-	312,336,000	312,336,000
Add: Income/(Loss) for the year	-	(326,093,903)	(326,093,903)	(508,275,565)
Prior year's Adjustments		-	-	(175,172,214)
Sub Total	344,133,667	(7,685,603,091)	(7,341,469,424)	(7,015,375,521)
Grand Total- D (A+B+C)	344,133,667	(7,685,603,091)	(6,346,226,739)	(6,020,132,836)

The annexed notes from 1 to 20 and
Annexure-A form an integral part of
these financial statements

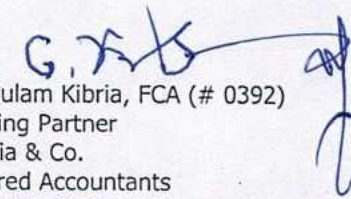
This is the Statement of Changes in Equity
referred to in our separate report of even
date annexed


Company Secretary


Managing Director

Director


Md. Iqbal Hossain, FCA (# 0528)
Senior Partner
A. Hoque & Co.
Chartered Accountants


A. K. Gulam Kibria, FCA (# 0392)
Managing Partner
G. Kibria & Co.
Chartered Accountants
DVC: 2505260392AS612102

Dated: 22.05.2025
Place: Dhaka, Bangladesh



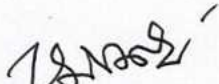
KARNAPHULI PAPER MILLS LTD.
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2023

Particulars	Notes	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
A. Cash Flows from Operating Activities:			
Net Profit/(Loss) for the year		(326,093,903)	(508,275,565)
Add: Prior year's Adjustment		-	(175,172,214)
Add: Deprecation		11,754,381	11,778,884
(Increase)/Decrease in Inventories		151,253,399	166,047,106
(Increase)/Decrease in Accounts Receivable/Trade Debtors		71,505,066	(38,275,698)
(Increase)/Decrease in Other Receivable/Other Debtors		1,918,994	(1,431,958)
(Increase)/Decrease in Advance, Deposit & Pre-payment		(14,180,487)	(4,425,899)
(Increase)/Decrease in Current Account with Enterprise		1,015,822	(979,927)
(Increase)/Decrease in Advance Income Tax		-	(47,866,893)
Increase/(Decrease) in Creditors for Goods Supply		9,573,217	(90,892,694)
Increase/(Decrease) in Creditors for Expenses		(147,926,623)	(271,135,956)
Increase/(Decrease) in Provision for Income Tax		1,709,764	-
Increase/(Decrease) in Provision for W.P.P.F		43,000	41,000
Increase/(Decrease) in Current Account with Enterprise		(10,757)	3,859,082
Increase/(Decrease) in Deferred Liabilities (Gratuity)		(54,786,496)	151,849,640
Net Cash provided in Operating Activities		(294,224,625)	(804,881,092)
B. Cash Flows from Investing Activities:			
(Increase)/Decrease in Property, Plant & Equipments		-	(12,412,500)
(Increase)/Decrease in Investment in FDR		(130,000,000)	-
Net Cash Generated (Used) in Investing Activities		(130,000,000)	(12,412,500)
C. Cash Flows from Financial Activities:			
BCIC Loan Account		239,542,362	1,040,388,466
Increase/Decrease in Of Bank Loan & Overdraft		100,609,500	(68,010,331)
Increase/(Decrease) in Creditors for Other Finance		7,203,737	115,315,550
Increase/(Decrease) in BCIC Current Account		3,514,370	16,863,671
Increase/(Decrease) in Other Long Term Loan		2,800,000	2,800,000
Net Cash Flows from Financial Activities		353,669,969	1,107,357,356
D. Net Cash Increase/(Decrease) Flows from All Activities (A+B+C)		(70,554,655)	290,063,764
Add: Cash and cash equivalent at the beginning of the year		301,064,147	11,000,383
Cash and Cash Equivalents at the end of the year		230,509,492	301,064,147

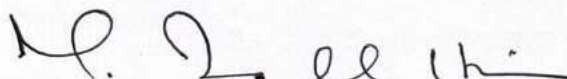
The annexed notes from 1 to 20 and Annexure-A form an integral part of these financial statements

This is the Statement of Cash Flows referred to in our separate report of even date annexed


Company Secretary


Managing Director

Director


Md. Iqbal Hossain, FCA (# 0528)
Senior Partner
A. Hoque & Co.
Chartered Accountants


A. K. Gulam Kibria, FCA (# 0392)
Managing Partner
G. Kibria & Co.
Chartered Accountants
DVC: 2505260392AS612102

Dated: 22.05.2025
Place: Dhaka, Bangladesh



KARNAPHULI PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023
FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

1.00 Reporting Entity

1.01 Company Profile and Its Objectives

Karnaphuli Paper Mills Limited was incorporated on 23 October, 1952 as a Public Limited Company by taking over paper mills set up by the erstwhile Pakistan Industrial Development Corporation (PIDC) at Chandraghona, Rangamati. The date of Commencement of business was on 22 September 1953. M/s. Dawood Industry was appointed as managing agent in Extra Ordinary General Meeting of the shareholders held on April 1958 and the managing agency was formally assigned to the new managing agent on 02 July 1958. After liberation, the shares were vested with the government of Bangladesh who engaged BIDC/BPBC to manage the affairs of the Company. After merger of BPBC with Bangladesh Chemical Industries Corporation (BCIC), the management of company vested with BCIC effecting from 1st July, 1976.

The installed Capacity of the Mills was to produce 30,000 M. Tons of papers per annum. The company produces writing, printing and brown sulphate papers of various grades ranging from 40 GSM to 350 GSM. It also produces corrugated board/box, bituminized paper, paper con, gum tape etc.

1.02 Other Corporate Information

- (i) Trade License: 67737, dated 07.09.2009
- (ii) e-TIN No.: 557159317201, dated 03.10.2016
- (iii) BIN No.: 000490428-0504, dated 07.10.2019

1.03 Nature of Business

The principal activities of the Company Manufacturer of Papers.

1.04 Structure, Content and Presentation of Financial Statements

The presentation of these financial statements is in accordance with the guidelines provided by IAS 1: Presentation of financial statements. The financial statements comprise of:

- ☐ Statement of Financial Position as at 30th June, 2023;
- ☐ Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June, 2023;
- ☐ Statement of Changes in Equity for the year ended 30th June, 2023;
- ☐ Statement of Cash Flows for the year ended 30th June, 2023;
- ☐ Notes comprising summary of significant accounting policies and other explanatory information.

1.05 Operating Segments

No operating segment is applicable for the Company as required by **IFRS 8**: Operating Segments as the Company has only one operating segments and the operation of Company is within the geographical territory in Bangladesh.

2.00 Basis of Preparation of Financial Statements

2.01 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standard (IAS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act, 1994, Securities and Exchange Rules, 2020 and other relevant laws as applicable.

Pursuant to recent amendment to the Companies Act, 1994 incorporating amendments, among others, is to change of the word 'Limited' by the word 'PLC' in case of Public Limited Companies including listed ones. Necessary formalities are in progress in implementing these changes.



2.02 Other Regulatory Compliances

The Company is also required to comply with the following major legal provisions in addition to Companies Act, 1994 and other applicable laws and regulations:

The Income Tax Act, 2023;
The Value Added Tax and Supplementary Duty Act, 2012;
The Value Added Tax Rules, 2016;
The Customs Act, 1969;
The Stamp Act, 1899;
The Bangladesh Securities and Exchange Commission Act, 1993;
The Securities and Exchange Rules, 2020;
The Securities and Exchange Ordinance, 1969;
Bangladesh Labour Act, 2006 (as amended to 2018)

2.03 Compliance with the Financial Reporting Standards as applicable in Bangladesh

As per para-14(2) of the Securities and Exchange Rule, 2020 the company has followed International Accounting Standards (IAS's) and International Financial Reporting Standards (IFRS's) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) in preparing the financial statements.

Sl. No.	IAS No.	IAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied
2	2	Inventories	Complied
3	7	Statement of Cash Flows	Complied
4	8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
5	10	Events after the Reporting Period	Complied
6	11	Construction Contracts	N/A
7	12	Income Taxes	Complied
8	16	Property, Plant and Equipment	Complied
9	19	Employee Benefits	Complied
10	20	Accounting for Govt. Grants and Disclosure of Govt. Assistance	N/A
11	21	The Effects of Changes in Foreign Exchange Rates	Complied
12	23	Borrowing Costs	Complied
13	24	Related Party Disclosures	Complied
14	26	Accounting and Reporting by Retirement Benefit Plan	Complied
15	27	Separate Financial Statements	N/A
16	28	Investment in Associated and Joint Venture	N/A
17	29	Financial Reporting in Hyperinflationary Economics	N/A
18	31	Interest in Joint Ventures	N/A
19	32	Financial Instruments: Presentation	Complied
20	33	Earnings per Share	N/A
21	34	Interim Financial Reporting	N/A
22	36	Impairment of Assets	Complied
23	37	Provisions, Contingent Liabilities and Contingent Assets	Complied
24	38	Intangible Assets	N/A
25	40	Investment Property	N/A
26	41	Agriculture	N/A



Sl. No.	IFRS No.	IFRS Title	Compliance Status
1	1	First-time adoption of International Financial Reporting Standards	Complied
2	2	Share based Payment	N/A
3	3	Business Combinations	N/A
4	4	Insurance Contracts	N/A
5	5	Non-current Assets held for Sale and Discontinued Operations	N/A
6	6	Exploration for and Evaluation of Mineral Resources	N/A
7	7	Financial Instruments: Disclosures	Complied
8	8	Operating Segments	Complied
9	9	Financial Instrument	Complied
10	10	Consolidated Financial Statements	N/A
11	11	Joint Arrangements	N/A
12	12	Disclosure of Interests in Other Entities	Complied
13	13	Fair Value Measurement	N/A
14	14	Regulatory Deferral Accounts	N/A
15	15	Revenue from Contracts with Customers	Complied
16	16	Leases	N/A

2.04 Basis of Measurement

The financial statements have been prepared based on the accrual basis of accounting and prepare under the historical cost convention except for the revaluation of certain non-current assets which are stated either at revaluated amount or fair market value as explained in the accompanying notes.

2.05 Accrual basis of Accounting

The Company prepares its financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, the company recognizes items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the IFRS conceptual Framework.

2.06 Functional and Presentation Currency

Functional and presentation currency items included in these financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Bangladesh Taka ("BDT") which is also the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest BDT except otherwise indicated.

2.07 Key Accounting Estimates and Judgments in Applying Accounting Policies

The preparation of financial statements in conformity with International Financial Reporting Standards including IAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and for contingent assets and liabilities that require disclosure during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors".

In particular, the key areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include accrued expenses, inventory valuation and other payables.



2.08 Materiality, Aggregation and Off Setting

Each material item as considered by management significant has been displayed separately in the financial statements. No amount has been set off unless the Company has legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards. The values of assets or liabilities as shown in the statement of financial position are not off-set by way of deduction from another liability or asset unless there exist a legal right, therefore no such incident existed during the year.

2.09 Going Concern Assumption

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

2.10 Comparative Information

Comparative information has been disclosed in respect of 2021-2022 in accordance with IAS-1 "Presentation of Financial Statements" for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current periods of financial statements. Prior year figure has been re-arranged wherever considered necessary to ensure comparability with the current period.

2.11 Changes in Accounting Policies

There have been no changes in accounting policies. All policies were consistent with the practices of the previous years.

2.12 Responsibility for Preparation and Presentation of Financial Statements

The Board of Directors is responsible for the preparation and presentation of the financial statements as per requirements of Companies Act, 1994.

2.13 Reporting Period

The reporting period of the Company covers one year from 1st day of July, 2022 to 30th June, 2023.

2.14 Approval of Financial Statements

The financial statements have been approved by the Board of Directors on the 22nd day of May, 2025.

3.00 Significant Accounting Principles and Policies selected and applied for significant transactions and events

For significant transactions and events that have material effect, the Company's Directors selected and applied significant accounting principles and policies within the framework of IAS 1: Presentation of Financial Statements in preparation and presentation of financial statements that have been consistently applied throughout the year and were also consistent with that use in earlier years.

For proper understanding of the financial statements, accounting policies set out below in one place as prescribed by the IAS 1: Presentation of Financial Statements:

Assets and Basis of their Valuation

3.01 Property, Plant and Equipment

3.01.1 Recognition and Measurements

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of IAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.



In a situation where it can clearly be demonstrated that expenditure has resulted in an increase in future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

Cost also includes initial estimate of the costs of dismantling, removing the item and restoring this site (generally called asset retirement obligation) are recognized and measured in accordance with IAS 37: Provision, Contingent Liabilities and Contingent Assets.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the statement of comprehensive income which is determined with reference to the net book value of assets and the net sales proceeds.

Capital Work-in-Progress represents capital works of a unit still in progress and not in a operation. Once a unit is completed, it is transferred to "Property, Plant and Equipment".

No revaluation of fixed assets has been made by the company.

3.01.2 Maintenance Activities

Expenditure incurred after the assets have been put into operation, such as repairs & maintenance is normally charged off as revenue expenditure in the year in which it is incurred.

3.01.3 Subsequent Cost

The Cost of replacing part of an item of property, plant & equipment is recognized in the carrying amount of the item if it is possible that the future economic benefits embodied within the part will flow to the company and its cost measured reliably. The cost of the day to day servicing of property and equipment are recognized in the Statement of Profit or Loss and Other Comprehensive Income as repairs and maintenance where it is incurred.

3.01.4 Depreciation on Tangible Fixed Assets

As required in Paragraph 43 of IAS-16 Property and Equipment, depreciation in respect of all fixed assets is provided to amortize the cost of the assets after commissioning, over their expected useful economic lives in accordance with the provision of IAS 16 "Property, Plant and Equipment".

Depreciation on all other fixed assets except land and land development is computed using diminishing balance method in amount sufficient to write-off depreciable assets over their estimated useful life. Depreciation has been charged on additions and when it is used. Expenditure for maintenance and repairs are expenses; major replacements, renewals and betterment are capitalized.

The cost and accumulated depreciation of depreciable assets retired or otherwise disposed off are eliminated from the assets and accumulated depreciation and any gain or loss on such disposal is reflected in the Statement of Profit or Loss Account for the year ended. The annual depreciation rates applicable to the principal categories are:

<u>Category of Fixed Assets</u>	<u>Rate of Depreciation</u>
Land	0%
Building (KPM)	2.5-7.5%
Building (CC Plant)	2.5-7.5%
Jetty Roads	10-15%
Plant & Machinery (KPM)	7.5%
Plant & Machinery (CC Plant)	7.5%
Motor Vehicle	20-25%
Flotilla	20%
Furniture & Fixture (KPM)	10-25%
Furniture & Fixture (CCP)	10-25%
Ropeway	5%
Sundry Assets	5%



The whole amount of depreciation has been charged off partly to cost of sales and partly as expense in consistent with practice followed in the earlier years.

3.01.5 Impairment

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated to determine the extent of the impairment loss, if any, impairment loss is recorded on judgmental basis, for which provision may differ in the future years based on the actual experience.

3.01.6 Disposal of Property, Plant and Equipments

An item of Property, Plant and Equipments is removed from the statement of financial position when it is disposed off or when no future economic benefits are expected from its use or disposal. The gain or loss on the disposal of an item of Property, Plant and Equipment is included in the statement of income of the period in which the de-recognition occurs.

3.01.7 Capital Work-in-Progress

Property, Plant and Equipment under construction/acquisition have been accounted for as capital work-in-progress until construction/acquisition is completed and measured at cost.

3.02 Investment in FDR

Investment is stated at its cost of acquisition and interest earned on deposits lying with the different banks has been duly accounted for on accrual basis. The statement of profit or loss and other comprehensive income reflects the income on account of interest on investment in FDR.

3.03 Sundry Debtors (Including Advance, Deposits and Pre-Payments)

These are carried at original invoice amounts, which represent net realizable value.

3.04 Other Current Assets

Other current assets have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the Statement of Financial Position.

3.05 Revenue Recognition

In compliance with the requirements of IFRS 15 "Revenue" is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue represents invoiced value of policies. Revenue recognized when the policies are made.

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

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

Considering the five steps model, the company recognizes revenue when (or as) the Company satisfies a performance obligation by transferring a promised goods to a customer. Goods are considered as transferred when (or as) the customer obtains control of those goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).



(a) **Sale of Goods**

Revenue from the sale of goods is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

(b) **Profit on Bank Deposits**

Profit on bank deposits have been accounted on accrual basis.

(c) **Other Revenues**

Other revenues are recognized when services are rendered and bank interests are earned.

3.06 **Inventories**

In compliance with the requirements with IAS-2 "Inventories" Raw Materials, Work-in-process, Spare Parts, Stock in Transit and Finished goods are valued at the lower of average cost and the net realizable value. Stock of finished vehicles, bus body building unit are valued at cost which is determined by taking into consideration the value of raw materials and production overhead. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to present condition and includes wherever applicable appropriate overheads based on normal level of activity.

No provision has been made for slow moving & obsolete stocks during the financial year.

3.07 **Financial Instruments**

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

3.07.1 **Financial Assets**

The company initially recognises a financial asset in its statement of financial position, when, and only when, the entity becomes a party to the contractual provisions of the instrument.

The company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, 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 asset are transferred.

An entity shall classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) on the basis of both in pursuance of provision 4.1 classification of financial assets under IFRS 9:

- (a) The entity's business model for managing the financial assets; and
- (b) The contractual cash flow characteristics of the financial assets.

3.07.1.1 **Financial Assets measured at amortized cost**

The asset is measured at the amount recognized at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognized in profit and loss. Changes in fair value are recognized in profit and loss when the asset is derecognized or reclassified.

3.07.1.2 **Financial Assets measured at fair value through other comprehensive income**

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and



- (b) The contractual terms of the financial asset give rise on specified dates to cash flows solely payments of principal and interest on the principal amount outstanding.

3.07.1.3 Financial Assets measured at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transactions costs are recognized in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognized in profit or loss.

Financial assets include accounts receivables, advance, deposits & prepayments, investments and cash & cash equivalents.

(i) **Accounts Receivables**

Accounts receivables represent the amounts due from customers for delivering goods or rendering services. Trade and other receivables are 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 non-collectability of any amount so recognized.

(ii) **Advance, Deposits & Prepayments**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit & loss account.

(iii) **Cash and Cash Equivalents**

Cash and cash equivalents comprises cash in hand, cash at bank and fixed deposits having maturity of less than three months which are available for use by the company without any restriction.

3.07.2 Financial Liabilities

A financial liability is recognized 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. The company initially recognises financial liabilities on the transaction date at which the company becomes a party to the contractual provisions of the liability.

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

Non-derivative financial liabilities comprise accrued and other current liabilities, interest bearing borrowings and short term loan.

(i) **Accrued and Other Current Liabilities**

Accrued and Other Current Liabilities are recognized at the amount payable for services rendered to the company.

(ii) **Interest bearing borrowings**

Principal amounts of the loans and borrowings are stated at their amortized amount. Borrowings repayable after twelve months from the date of statement of financial position are classified as non-current liabilities whereas the portion of borrowings repayable within twelve months from the date of statement of financial position, unpaid interest and other charges are classified as current liabilities.

(iii) **Short Term Loan**

Short Term Loan is recognized at the amount payable to the bank.



3.08 **Equity Instruments**

Ordinary shares are classified as equity. Investment costs directly attributable to the issue of ordinary shares are recognized as expenses. Paid up share capital represents total amount contributed by the shareholders and bonus shares issued by the Company.

3.09 **Impairment**

(i) **Non-derivative Financial Assets**

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicate 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. Objective evidence that financial assets are impaired includes:

- (a) default or delinquency by a debtor;
- (b) restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- (c) indications that a debtor or issuer will enter bankruptcy;
- (d) adverse changes in the payment status of borrowers or issuers;
- (e) Observable data indicating that there is measurable decrease in expected cash flows from a Company of financial assets.

(ii) **Financial Assets measured at amortized cost**

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

(iii) **Non-Financial Assets**

The carrying amounts of the Company's non-financial assets (other than biological asset, investment property, 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 asset's recoverable amount is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to determine the recoverable amount of an individual asset, the company estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.



Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.10 Derivatives

The company is not a party to any derivative contract at the statement of financial position date, such as forward exchange contract, currency swap agreement or interest rate option contract to hedge currency exposure related to import of raw materials and others or principal and interest obligations of foreign currency loans.

3.11 Taxation

Income Tax expense comprises current and deferred taxes. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity in accordance with IAS 12: Income Tax.

(a) Current Tax:

Current Tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

(b) Deferred Tax:

Deferred income tax is provided using the deferred method on temporary differences. Deferred tax assets and liabilities are recognized for all temporary differences, except:

Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;

In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the company and it is probable that the temporary differences will not reverse in the foreseeable future; and

In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax credits and unused tax losses can be utilized.

In view of the above no deferred tax has been provided.

(c) Value Added Tax:

Revenues, expenses and assets are recognized net of the amount of Value Added Tax except:

Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

Receivable and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, taxation authority is included as part of receivables or payables in the statement of financial position.



3.12 Cost of Post-Employment Benefits

The company maintains a defined contribution plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

The company has accounted for and disclosed employee benefits in compliance with the provision of IAS 19: Employee Benefits. The cost of employee benefits is charged off as revenue expenditure in the period to which the contributions relate. The company's employee benefits include the following:

(a) **Short-Term Employee Benefits:**

Short-term employee benefits include salaries, bonuses, overtime, holiday allowance, TA/DA, leave encashment, meals allowance, transaction, accommodation etc. obligation for such benefits are measured on an undiscounted basis and are expenses as the related service is provided.

(b) **Contribution to Workers' Profit Participation and Welfare Funds:**

This represents 5% of net profit before tax contributed by the company as per provisions of the Bangladesh Labour (amendment) Act, 2014 and is payable to Workers as defined in the said law.

(c) **Defined Contribution Plan (Provident Fund):**

The company has a registered provident fund scheme (Defined Contribution Plan) for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under and irrevocable trust. All permanent employees contribute 10% of their basic salary to the provident fund and the company also makes equal contribution.

The company recognizes contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal constructive obligation is limited to the amount it agrees to contribute to the fund.

(d) **Defined Benefit Plan (Gratuity)**

A defined benefit plan is a post-employment benefit plan other than defined contribution plan. The company operates an unfunded gratuity scheme, provision in respect of which is made annually for the company's permanent eligible employees as per IAS-19, "Employee Benefits".

3.13 Capitalization of Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds as per IAS 23: Borrowing Costs.

3.14 Accruals, Provisions and Contingencies

(a) **Accruals**

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. Accruals are reported as part of trade and other payables.



(b) **Provisions**

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. During the reporting year the company has made sufficient provisions where applicable.

(c) **Contingencies**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. At the reporting date the company does not have any contingent asset.

Contingent liabilities and assets are not recognized in the statement of financial position of the company.

3.15 **Cash and Cash Equivalents**

For the purposes of the Statement of Financial Position and Cash Flows, cash in hand and bank balances represents cash and cash equivalents considering the *IAS 1 "Presentation of Financial Statements"* and *IAS 7 "Cash Flow Statement"* which provide, that cash and cash equivalents are readily convertible to known amounts of cash and are subject to an in significant risks of changes in value and are not restricted as to use.

3.16 **Statement of Cash Flows**

The Statement of Cash Flow has been prepared in accordance with the requirements *IAS 7: Statement of Cash Flows*. The cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 2020 and considering the provisions of *Paragraph 19 of IAS 7* which provided that "*Enterprises are Encouraged to Report Cash Flow from Operating Activities Using the Direct Method*".

3.17 **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.



4.00 **General**

- (a) All shares have been fully called and paid up;
- (b) There is no preference shares issued by the company;
- (c) The company has not incurred any expenditure in foreign currency against royalties and technical fees;
- (d) Auditors are paid only the statutory audit fees;
- (e) No foreign currency was remitted to the shareholders during the year under audit;
- (f) No money was spent by the company for compensating any member of the board for rendering special services;
- (g) No brokerage was paid against sales during the year under audit;
- (h) No bank guarantee was issued by the company on behalf of its directors.



		Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
5.00	Non-Current Assets	<u>2,823,972,638</u>	<u>2,783,356,020</u>
	This is made up as follows:		
	5.01 Property, Plant and Equipments	175,280,162	187,034,544
	5.02 Capital Work-in-Progress	2,313,232,876	2,313,232,876
	5.03 Deferred Expenses	335,459,600	283,088,600
		<u>2,823,972,638</u>	<u>2,783,356,020</u>
5.01	Property, Plant and Equipments	<u>175,280,162</u>	<u>187,034,544</u>
	This is made up as follows:		
	5.01.1 Accumulated Cost	1,410,471,046	1,410,471,046
	5.01.2 Accumulated Depreciation	1,235,190,884	1,223,436,502
	Written Down Value (A-B)	<u>175,280,162</u>	<u>187,034,544</u>
5.01.1	Accumulated Cost	<u>1,410,471,046</u>	<u>1,410,471,046</u>
	This is made up as follows:		
	Opening Balance	1,410,471,046	1,398,058,546
	Add: Addition during the year	-	12,412,500
		<u>1,410,471,046</u>	<u>1,410,471,046</u>
5.01.2	Accumulated Depreciation	<u>1,235,190,884</u>	<u>1,223,436,502</u>
	This is made up as follows:		
	Opening Balance	1,223,436,503	1,211,657,618
	Add: Charged during the year	11,754,381	11,778,884
		<u>1,235,190,884</u>	<u>1,223,436,502</u>
	Allocation of Depreciation/Basis of Allocation	<u>11,754,380</u>	<u>11,778,884</u>
	This is made up as follows:		
	For Factory 86%	10,108,767	10,129,840
	For Administration 12%	1,410,526	1,413,466
	For Selling & Distribution 2%	235,088	235,578
		<u>11,754,380</u>	<u>11,778,884</u>
	The details of which have been shown in Annexure - A		
5.02	Capital Work-in-Progress	<u>2,313,232,876</u>	<u>2,313,232,876</u>
	This is made up as follows:		
	5.02.1 BMRE Project	2,218,794,318	2,218,794,318
	5.02.2 Other of KPM	94,438,558	94,438,558
		<u>2,313,232,876</u>	<u>2,313,232,876</u>
5.02.1	BMRE Project	<u>2,218,794,318</u>	<u>2,218,794,318</u>
	This is made up as follows:		
	BMRE Govt.	1,745,700,000	1,745,700,000
	Interest on Loan	473,094,318	473,094,318
		<u>2,218,794,318</u>	<u>2,218,794,318</u>



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
5.02.2 Other of KPML	94,438,558	94,438,558
This is made up as follows:		
Maintenance Work for Recovery & Boiler of KPML	18,710,099	18,710,099
Green Jute Project of KPML	75,728,459	75,728,459
	94,438,558	94,438,558
5.03 Deferred Expenses	335,459,600	283,088,600
This is made up as follows:		
Interest as per KPM up to 30.06.2019	125,975,600	125,975,600
Interest for Fy - 2019-2020	52,371,000	52,371,000
Interest for Fy - 2020-2021	52,371,000	52,371,000
Interest for Fy - 2021-2022	52,371,000	52,371,000
Interest for Fy - 2022-2023	52,371,000	52,371,000
	335,459,600	283,088,600
6.00 Long Term Investment	2,807,550	2,807,550
This is as per last year account.		
7.00 Current Assets	1,810,488,790	1,962,556,237
This is made up as follows:		
7.01 Inventories	1,040,471,981	1,191,725,380
7.02 Investment in FDR	130,512,732	512,732
7.03 Advances, Deposits & Prepayments	119,606,565	105,426,078
7.04 Advances against Income Tax	155,334,596	155,334,596
7.05 Trade Debtors/Accounts Receivables	89,870,322	161,375,388
7.06 Other Debtors/Other Receivables	24,594,353	26,513,347
7.07 Currents A/C with Enterprise	19,588,747	20,604,569
7.08 Cash and Cash Equivalents	230,509,492	301,064,147
	1,810,488,790	1,962,556,237
7.01 Inventories	1,040,471,981	1,191,725,380
This is made up as follows:		
7.01.1 Raw-Materials, Chemicals & Packing Materials	70,334,932	78,404,174
7.01.2 Spare Parts & Accessories	327,108,929	330,725,032
7.01.3 Stock-in-Transit	285,361,336	285,179,307
7.01.4 Work-in-Process	109,910,140	109,910,140
7.01.5 Finished Goods	247,756,644	387,506,727
	1,040,471,981	1,191,725,380
7.01.1 Raw-Materials, Chemicals & Packing Materials	70,334,932	78,404,174
This is made up as follows:		
7.01.1.1 FRM Stock (Chandraghona Yard)	28,124,630	28,124,630
7.01.1.2 Chipper House	25,297,184	25,297,184
7.01.1.3 Chemicals & Others	16,913,117	24,982,360
	70,334,932	78,404,174



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
7.01.1.1 FRM Stock (Chandraghona Yard)	28,124,630	28,124,630
This is made up as follows:		
Bamboo Muli	6,341,692	6,341,692
Bamboo Baria	598,246	598,246
Wood	21,184,692	21,184,692
	<u>28,124,630</u>	<u>28,124,630</u>
The above amount represents as per last year account without any movement.		
7.01.1.2 Chipper House	25,297,184	25,297,184
The above amount represents as per last year account without any movement.		
7.01.1.3 Chemicals & Others	16,913,117	24,982,360
This is made up as follows:		
Chandraghona Stores	2,150,705	12,443,270
Chittagong Stores	151,005	151,005
Packing Materials	2,245,770	2,073,565
Materials in Plant	12,365,635	10,314,520
	<u>16,913,117</u>	<u>24,982,360</u>
7.01.2 Spare Parts & Accessories	327,108,929	330,725,032
This is made up as follows:		
Furnace Oil & Lubricants	5,588,436	6,110,564
Construction Materials	1,152,441	1,966,858
Iron & Nonferrous Materials	5,854,999	6,294,873
Machine Clothing	14,761,158	16,688,342
Capital Store	29,650,687	29,963,914
General Stores	42,692,710	43,354,152
Spares & Accessories	197,874,010	196,872,935
Non-Moveable Stores	313,138	313,138
Deferred Stores (DS-1)	327,963	327,963
Deferred Stores (DS-2)	510,108	510,108
Stores in Hand-FRM	27,214,256	27,214,256
Stores in Hand-(RTD)	518,861	518,861
Stores Claring A/C	6,069	6,069
Fuel Stock in Kcss	644,093	582,999
	<u>327,108,929</u>	<u>330,725,032</u>
7.01.3 Stock-in-Transit	285,361,336	285,179,307
It represents total balance of Stock-in-Transit as on 30th June,2023.		
7.01.4 Work-in-Process	109,910,140	109,910,140
This is made up as follows:		
7.01.4.1 Liquid/Solid Alum	91,929,585	91,929,585
7.01.4.2 Calcium Hypo	17,980,555	27,206,060
	<u>109,910,140</u>	<u>119,135,645</u>



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
7.01.4.1 Liquid/Solid Alum	91,929,585	91,929,585
This is made up as follows:		
Thiin Black Liquor	91,516,413	91,516,413
Un-bleached pulp (Digester)	413,172	413,172
	91,929,585	91,929,585
7.01.4.2 Calcium Hypo	17,980,555	17,980,555
This is made up as follows:		
Bleached pulp (Bleaching Section)	-	-
Bleached pulp (Bleaching House)	-	-
Chips in Silo	16,617,891	16,617,891
Hydro chloric Acid (HCl)	62,664	62,664
Brine	1,300,000	1,300,000
	17,980,555	17,980,555
7.01.5 Finished Goods	247,756,644	387,506,727
This is made up as follows:		
Bleached pulp (Bleaching Section)	238,789,604	375,956,529
Bleached pulp (Bleaching House)	4,683,220	6,369,358
Chips in Silo	1,004,419	1,901,439
Hydro chloric Acid (HCl)	841,195	841,195
Brine	2,438,206	2,438,206
	247,756,644	387,506,727
7.02 Investment in FDR	130,512,732	512,732
This is made up as follows:		
School Fund		
Sonali Bank Ltd. CD-FDR No-800609	50,000	50,000
Agrani Bank Ltd. No.-0259295/14/05	275,000	275,000
Agrani Bank Ltd. FDR No.-025929/15/06	37,732	37,732
Agrani Bank Ltd. FDR No.-11A-0009701/20/05	150,000	150,000
Sub Total	512,732	512,732
Companies Fund		
a) FDR No. 2418010013904 dt. 30-08-2022	50,000,000	-
b) FDR No. 0091961/24 dt. 05-09-2022	40,000,000	-
c) FDR No. 540605000208 dt. 06-09-2022	10,000,000	-
c) FDR No. 0121001697393 dt. 20-12-2022	20,000,000	-
d) FDR No. 0121001776777 dt. 12-01-2023	20,000,000	-
e) FDR No. 6018010014599 Dt 22-06-2023	20,000,000	-
Sub Total	160,000,000	-
Less: Encashment of FDR		
a) FDR No. 0121001697393 dt. 20-12-2022	20,000,000	-
b) FDR No. 540605000208 dt. 06-09-2022	10,000,000	-
Sub Total	30,000,000	-
Total FDR	130,512,732	512,732



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
7.03 Advance, Deposit & Pre-payments	119,606,565	105,426,078
This is made up as follows:		
7.03.1 Advance to Employee	14,165,410	10,929,209
7.03.2 Advance to Contractors & Suppliers	57,098,998	45,065,174
7.03.3 Audit Objection	3,334,880	3,591,985
7.03.4 Deposits	34,124,369	34,126,362
7.03.5 Prepayments	10,882,908	11,713,348
	<u>119,606,565</u>	<u>105,426,078</u>
7.03.1 Advance to Employee	14,165,410	10,929,209
This is made up as follows:		
Advance against TA/DA	691,492	711,694
Advance against Medical	246,039	263,233
Advance against Purchase	4,508,255	2,195,791
Cyclone Advance	5,860	5,860
Advance to Relief Fund	90,000	90,000
Advance against wages Commission	3,551,533	3,762,861
Advance against Final Settlement	739,000	739,000
Advance against Facilities & Others	4,333,231	3,160,770
	<u>14,165,410</u>	<u>10,929,209</u>
7.03.2 Advance to Contractors & Suppliers	57,098,998	45,065,174
This is made up as follows:		
Contractors labour & Others	1,904,105	1,724,105
FRM Suppliers	(5,296,643)	(5,296,643)
Stores Suppliers	60,491,536	48,637,712
	<u>57,098,998</u>	<u>45,065,174</u>
7.03.3 Audit Objection	3,334,880	3,591,985
This is made up as follows:		
Audit Objection against Arrear Overtime	951,205	951,205
Audit Objection against Maternity Allowance	15,700	15,700
Audit Objection against Medical Treatment	1,685,838	1,685,838
Audit Objection against Electricity Bill	682,137	939,242
	<u>3,334,880</u>	<u>3,591,985</u>
7.03.4 Deposits	34,124,369	34,126,362
This is made up as follows:		
Security Deposit to Govt. Agencies	32,775,899	32,777,899
VAT payable	1,348,470	1,348,463
	<u>34,124,369</u>	<u>34,126,362</u>



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
7.03.5 Prepayments	10,882,908	11,713,348
This is made up as follows:		
Royalty on FRM	6,204,178	6,204,178
Salary Income Tax	(293,596)	940,880
Land Revenue	-	-
Insurance	4,972,326	4,568,290
	<u>10,882,908</u>	<u>11,713,348</u>
7.04 Advances, Against Income Tax	155,334,596	155,334,596
This is made up as follows:		
Advance.againts Taxes U/S-64 (A/C-KPM)	1,698,633	1,698,633
Advance.againts Taxes A/C-RTD	50,000	50,000
Income Tax deducted at Source from paper Bill: B.S.O	1,748,633	1,748,633
Controller of Military A/C	59,596	59,596
Director General of Defense Purchase,Dhaka	18,260	18,260
Advance deducted for Paper Bill under Rule-16	40,965	40,965
Advance deducted from Imported Materials (Rule-17)	118,075,035	118,075,035
Advance deduction of VAT	16,331,557	16,331,557
	<u>19,060,550</u>	<u>19,060,550</u>
	<u>155,334,596</u>	<u>155,334,596</u>
7.05 Trade Debtors/Accounts Receivable	89,870,322	161,375,388
This is made up as follows:		
7.05.1 Government & Other Industries	13,316,616	90,908,359
7.05.2 Depot Control A/C FPS- Chittagong	12,029,795	8,897,679
7.05.3 Depot Control A/C FPS- Dhaka	64,523,911	61,569,350
	<u>89,870,322</u>	<u>161,375,388</u>
7.05.1 Government & Other Industries	13,316,616	90,908,359
This is made up as follows:		
BD Sty office,Tejgaon	11,365,665	88,957,408
Security Printing Corporation	-	-
Lever Brothers (BD) Ltd./Uniliver (BD) Ltd.	707,223	707,223
Denish Condensed Milk	5,507	5,507
Mehar Industries (BD) Ltd.	29,833	29,833
Karnafuli Jute Mills Ltd.	16,457	16,457
Sagar Scrcen Printers	6,373	6,373
Seedat Brothers	125,490	125,490
Bangladesh Bureace of Statistics	1,157,297	1,157,297
Unicef Account	11,945	11,945
Others	23,125	23,125
	<u>13,448,915</u>	<u>91,040,658</u>
Less: Bad Debt Provision	<u>132,299</u>	<u>132,299</u>
	<u>13,316,616</u>	<u>90,908,359</u>



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
7.05.2 Depot Control Account FPS- Chittagong	12,029,795	8,897,679
It represents total balance of Depot Control A/C FPS- Chittagong as on 30th June,2023.		
7.05.3 Depot Control Account FPS- Dhaka	64,523,911	61,569,350
It represents total balance of Depot Control A/C FPS- Dhaka as on 30th June,2023.		
7.06 Other Debtors/Other Receivables	24,594,353	26,513,347
This is made up as follows:		
7.06.1 Other Debtors	17,982,540	19,901,534
7.06.2 Claims Receivables	6,558,618	6,558,618
7.06.3 Others	53,195	53,195
	<u>24,594,353</u>	<u>26,513,347</u>
7.06.1 Other Debtors	17,982,540	19,901,534
This is made up as follows:		
River Transport Department (RTD)	780,444	780,444
Shop Keepers	8,479,813	10,480,666
Other Debtors (Misc)	954,319	1,192,421
Setasa trading	4,400,000	4,400,000
Testing fee receivable	319,500	319,500
Employee Co-Operative Society	285,848	285,848
Other Debtors karnaphuli Jute Mills	2,442,655	2,442,655
KPM Welfare Fund	152,550	-
Officers Welfare Accociation	167,411	-
	<u>17,982,540</u>	<u>19,901,534</u>
7.06.2 Claims Receivables	6,558,618	6,558,618
This is as per last year account.		
7.06.3 Others	53,195	53,195
This is as per last year account.		
7.07 Current Account with Enterprise	19,588,747	20,604,569
This is made up as follows:		
Khulna Hard Board Mills Ltd.(KHBM)	135,895	135,895
Chhatak Cement Co.Ltd.	1,004,083	1,004,083
Usmania Glass Sheet Factory Ltd.(UGSF)	356,914	364,799
BCIC Branch Office	21,985	21,985
Chittagong Urea Fertilizer Ltd.(CUFL)	4,272,729	4,419,184
Shahjalal Fertilizer Company Ltd.(Former NGFE)	41,242	557,752
TSP Complex Ltd.	9,305,883	9,912,597
DAP Fertilizer Company Ltd.	3,672,325	3,410,583
SPPM Ltd.	287,242	287,242
Dhaka Leather Company Ltd.	56,430	56,430
Ujala Mach Factory Ltd.	317,530	317,530
North Bengal Paper Mills Ltd.	-	-
BCIC Mktg & Distribution	116,489	116,489
	<u>19,588,747</u>	<u>20,604,569</u>



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
7.08 Cash and Cash Equivalents	230,509,492	301,064,147
This is made up as follows:		
7.08.1 Cash in Hand	308,905	216,960
7.08.2 Cash at Bank	230,200,587	300,847,187
	<u>230,509,492</u>	<u>301,064,147</u>
7.08.1 Cash in Hand	308,905	216,960
This is made up as follows:		
Imprest CAN	17,756	(26,517)
Imprest at Chittagong Office	168,235	168,235
Imprest for Chittagong Gust House	5,000	5,000
Imprest for Dhaka Sales Center	47	5,000
Imprest for KPM Hospital	1,800	1,800
Imprest for Transport (KPM)	44,450	24,770
Imprest for Transport (FRM)	19,385	8,940
Imprest for School & College	1,000	1,000
Imprest for Kaptai Bamboo yard	2,000	2,000
Imprest for FRM Garrage	46,932	24,432
Imprest for Ctg Transport	2,300	2,300
	<u>308,905</u>	<u>216,960</u>
7.08.2 Cash at Bank	230,200,587	300,847,187
This is made up as follows:		
Sonali Bank Ltd.C/A	302,327	302,327
Sonali Bank Ltd.,Mymensingh	1,880	1,880
Sonali Bank Ltd., Lalmonirhat	2,790	2,790
Agrani Bank Ltd.,Ctg (DCL)	1,156	1,156
BASIC Bank Ltd.,Ctg (2401010003128)	5,530,604	5,030,604
Sonali Bank Ltd., Dhaka/N.Ganj	4,892	4,892
Sonali Bank Ltd., Matiranga	5,112	5,112
Sonali Bank Ltd.,Kalibari (AC No.13046)	59,408	59,408
Agrani Bank Ltd., Ctg (RTD)	6,247	6,247
Janata Bank Ltd.,Batakandi	1,038	1,038
Agrani Bank Ltd.,Baburhat,Chandpur	1,056	1,056
Sonali Bank Ltd., Ctg(STD-37)	145,103	145,103
Sonali Bank Ltd., Malibagh Branch Dhaka (k-968)	463,777	270,601
Sonali Bank Ltd., Malibagh Branch Dhaka (STD-12)	5,176,897	4,562,531
Sonali Bank Ltd., Chandraghona	52,630,656	151,467
BASIC Bank Ltd., Ctg (2416010000866)	-	129,064,400
Sonali Bank CNA. (A/c No.000054)	15,091,210	-
Agrani Bank Ltd.,Chandraghona-(AC No.06)	116,816,045	121,385,498
CC (SB Ctg.AC No.1704)	33,960,389	39,851,077
	<u>230,200,587</u>	<u>300,847,187</u>
8.00 Authorized Share Capital	1,500,000,000	1,500,000,000
150,000,000 Ordinary shares of Tk. 10/- each		



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
9.00 Paidup Capital & Govt.Equity	995,242,685	995,242,685
This is made up as follows:		
9.01 Issued, Subscribed & Paidup Capital	46,000,070	46,000,070
9.02 Government Equity/Capital Contribution	949,242,615	949,242,615
	<u>995,242,685</u>	<u>995,242,685</u>
9.01 Issued, Subscribed & Paidup Capital	46,000,070	46,000,070
4600,007 Ordinary Shares of Tk. 10/- each fully paid in cash.		
9.02 Government Equity/Capital Contribution	949,242,615	949,242,615
This is made up as follows:		
Government Contribution in Cash (1976-1978)	46,500,000	46,500,000
Transferred From General Reserve (1981-1982)	49,345,215	49,345,215
Conversion of ADP Loan (1981-1982)	8,154,715	8,154,715
Conversion of ADP (BMRE) Loan (1986-1987)	36,180,285	36,180,285
Conversion of ADP (RD and BE) Loan (1986-1987)	110,782,400	110,782,400
Government Equity Portion an BMR 40%	698,280,000	698,280,000
	<u>949,242,615</u>	<u>949,242,615</u>
The above amount represents Government Equity/Capital Contribution as on 30th June,2023.		
10.00 Reserve & Contingent Account	(7,341,469,424)	(7,015,375,521)
This is made up as follows:		
10.01 Capital Reserve	344,133,667	344,133,667
10.02 Retained Earnings	(7,685,603,091)	(7,359,509,188)
	<u>(7,341,469,424)</u>	<u>(7,015,375,521)</u>
10.01 Capital Reserve	344,133,667	344,133,667
This is made up as follows:		
Capital Fund of Dawood Corporation Ltd.	23,452,053	23,452,053
Share Capital of River Transport Department	500,000	500,000
Capital Gain on Sales of fixed Assets	7,845,614	7,845,614
Capital Reserve	312,336,000	312,336,000
	<u>344,133,667</u>	<u>344,133,667</u>
The balance is as per last account.		
10.02 Retained Earnings	(7,685,603,091)	(7,359,509,188)
This is made up as follows:		
Opening Balance	(7,359,509,188)	(6,676,061,409)
Add. Net Profit/(Loss) after Tax	(326,093,903)	(508,275,565)
Add. Prior year's adjustment	-	(175,172,214)
	<u>(7,685,603,091)</u>	<u>(7,359,509,188)</u>



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
11.00 Long Term Liabilities	1,899,379,269	1,847,008,269
This is made up as follows:		
11.01 Interest Free Govt loan	57,100,000	57,100,000
11.02 Government Loan (BMRE)	1,729,998,318	1,677,627,318
11.03 Debenture Loan	112,280,951	112,280,951
11.04 Non-Development Govt Loan (ADP)	130,500,000	130,500,000
11.05 Loan From CUFL	101,362,192	98,562,192
11.06 Deferred Liabilities (Gratuity)	606,644,390	661,430,886
	<u>1,899,379,269</u>	<u>1,847,008,269</u>
11.01 Interest Free Govt. Loan	57,100,000	57,100,000
This is as per last year account.		
11.02 Government Loan (BMRE)	1,729,998,318	1,677,627,318
This is made up as follows:		
Principal loan amount	1,047,420,000	1,047,420,000
Interest amount	682,578,318	630,207,318
	<u>1,729,998,318</u>	<u>1,677,627,318</u>
11.03 Debenture Loan	112,280,951	112,280,951
This is made up as follows:		
Balance B/F	112,280,951	112,280,951
Overdraft (Principal)	-	-
Add: Interest	-	-
Less: Repayment	-	-
	<u>112,280,951</u>	<u>112,280,951</u>
11.04 Non-Development Govt. Loan (ADP)	130,500,000	130,500,000
This is as per last year account.		
11.05 Loan From CUFL	101,362,192	98,562,192
This is made up as follows:		
Principal Loan	40,000,000	40,000,000
Add: Interest	61,362,192	58,562,192
	<u>101,362,192</u>	<u>98,562,192</u>
11.06 Deferred Liabilities (Gratuity)	606,644,390	661,430,886
This is made up as follows:		
Opening Balance	661,430,886	509,581,246
Add: Recovered from Other Office	3,638,328	149,522
Add: Provision during the year	14,207,920	100,684,321
Add: Prior years adjustment	-	165,062,959
	<u>679,277,134</u>	<u>775,478,048</u>
Less: Payments/Adjustment for the year	72,632,744	114,047,162
	<u>606,644,390</u>	<u>661,430,886</u>



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
12.00 Current Liabilities	8,245,609,865	6,191,938,682
This is made up as follows:		
12.01 BCIC Loan Account	5,149,579,041	4,910,036,679
12.02 BCIC Current Account	1,285,416,373	1,281,902,003
12.03 Creditors for Expenses	254,452,124	402,378,748
12.04 Creditors for Other Finance	795,617,576	788,413,839
12.05 Creditors for Suppliers/pay	342,524,951	332,951,734
12.06 Current A/C With Enterprise	259,721,788	259,732,545
12.07 Creditors for WPPF	1,054,405	1,011,405
12.08 Bank Overdraft	140,613,211	40,003,711
12.09 Provision Income for Tax	16,630,396	14,920,632
	<u>8,245,609,865</u>	<u>6,191,938,682</u>
12.01 BCIC Loan Account	5,149,579,041	4,910,036,679
This is made up as follows:		
Opening Balance	4,910,036,679	3,869,648,213
Add: Addition for the year	239,542,362	1,047,858,126
	<u>5,149,579,041</u>	<u>4,917,506,339</u>
Less: Payment/Adjustments	-	7,469,660
	<u>5,149,579,041</u>	<u>4,910,036,679</u>
12.02 BCIC Current Account	1,285,416,373	1,281,902,003
This is made up as follows:		
Opening Balance	1,281,902,003	1,265,038,332
Add: Addition for the year	4,308,693	24,910,213
	<u>1,286,210,696</u>	<u>1,289,948,545</u>
Less: Payment/Adjustments	794,323	8,046,542
	<u>1,285,416,373</u>	<u>1,281,902,003</u>
12.03 Creditors for Expenses	254,452,124	402,378,748
This is made up as follows:		
12.03.1 Construction, Handing & Labor Supply	76,950,507	181,675,152
12.03.2 Other Expenses	65,390,776	65,024,792
12.03.3 Unpaid Salaries & Allowances	94,442,557	138,010,519
12.03.4 Provision for Interest on Loan	17,569,504	17,569,504
12.03.5 Welfare Expenses	60,000	60,000
12.03.6 Arrerar Salaries for Wages Commission	38,780	38,780
	<u>254,452,124</u>	<u>402,378,748</u>
12.03.1 Construction, Handing & Labor Supply	76,950,507	181,675,152
This is made up as follows:		
For Construction Contract	4,488,464	4,539,964
For Handing & Labor Supply	6,142,768	10,303,446
For Others	66,040,406	166,552,873
For Work-in-progress	278,869	278,869
	<u>76,950,507</u>	<u>181,675,152</u>



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
12.03.2 Other Expenses	65,390,776	65,024,792
This is made up as follows:		
Self Manufacturing Clearing A/C workshop Made	4,642,223	4,642,223
Self Manufacturing Clearing A/C Alum	21,285,654	20,019,670
Self Manufacturing Line Cline	1,156,005	1,156,005
Self Manufacturing Bleached Chemicals	495,000	495,000
Liabilities for Audit Objection	3,809,025	3,809,025
Provision for Tici levy	131,439	131,439
Provision for Insurance	480,000	480,000
Provision for Audit fees	120,000	120,000
Provision for Head Office Levy	262,602	1,162,602
Provision for Other Expenses KPM	5,503,200	5,503,200
Provision for Other Expenses RTD	25,960,468	25,960,468
Loan Revenue	1,545,160	1,545,160
	65,390,776	65,024,792
12.03.3 Unpaid Salaries & Allowances	94,442,557	138,010,519
This is made up as follows:		
Opening Balance	138,010,519	122,877,584
Add: Addition for the year	190,519,586	29,091,005
	328,530,105	151,968,589
Less: Payment/Adjustments	234,087,548	13,958,070
	94,442,557	138,010,519
12.03.4 Provision for Interest on Loan	17,569,504	17,569,504
This is as per last year account.		
12.03.5 Welfare Expenses	60,000	60,000
The amount represents as per last account.		
12.03.6 Arrear Salaries for Wages Commission	38,780	38,780
The amount represents as per last account.		
12.04 Creditors for Other Finance	795,617,576	788,413,839
This is made up as follows:		
12.04.1 Deposit from Customers	56,485,009	31,677,258
12.04.2 KPM/FPS Account (Ctg/Dhaka)	-	-
12.04.3 Secretary Provident Fund	671,863,788	680,007,344
12.04.4 Income Tax on Party's Bill Payables	(17,701,599)	(12,013,936)
12.04.5 VAT on party's Bill Payables	(1,507,815)	95,357
12.04.6 Contractor Security Deposit	62,311,045	64,602,152
12.04.7 Avance Received Against Scrap Sales	3,879,224	3,879,224
12.04.8 Sundry Creditors for Other Finance	13,720,427	13,598,943
12.04.9 Interest on Agrani Bank debenture	6,567,497	6,567,497
	795,617,576	788,413,839

The above amount represents Creditors for Other Finance as on 30th June,2023.



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
12.04.1 Deposit from Customers	56,485,009	31,677,258
This is made up as follows:		
Chittagong Dealers	8,344,432.00	20,477,031
Dhaka Dealers	45,104,399.00	26,923,696
Moffasal Dealers	3,036,178.00	1,088,517
Govt. & Industrial	-	(16,811,986)
	<u>56,485,009</u>	<u>31,677,258</u>
12.04.2 KPML/FPS Account (Ctg/Dhaka)	-	-
It represents total Balance of KPM/FPS Account (Ctg/Dhaka) as on 30th June,2023.		
12.04.3 Secretary Providend Fund	671,863,788	680,007,344
This is made up as follows:		
Employees Own Contribution	72,614,409	67,290,153
Company,s Contribution	72,318,909	66,927,668
21/2 Add Own Contribution	1,334,497	1,245,206
PF Loan Recovered	57,030,791	53,756,172
Current Account With Secreatay PF	468,565,182	490,788,145
	<u>671,863,788</u>	<u>680,007,344</u>
12.04.4 Income Tax on Party's Bill Payables	(17,701,599)	(12,013,936)
This is made up as follows:		
for the year tax deducted from Stores Suppliers & Others	(17,778,895)	6,424,347
Less: Payment/Adjustment during the year	-	(18,463,304)
	<u>(17,778,895)</u>	<u>(12,038,957)</u>
Add: Contractors	77,296	25,021
	<u>(17,701,599)</u>	<u>(12,013,936)</u>
12.04.5 VAT on party's Bill Payables	(1,507,815)	95,357
This is made up as follows:		
VAT Revolving A/C	1,606,524	2,986,761
Contractors VAT Payable	193,241	62,546
Suppliers VAT Payable	(3,315,388)	(2,961,758)
VAT Realized from Matrials Sales	7,808	7,808
	<u>(1,507,815)</u>	<u>95,357</u>
12.04.6 Contractor Security Deposit	62,311,045	64,602,152
This is made up as follows:		
FRM Lease Forest	15,099,457	15,299,457
FRM Local Suppliers	7,597,996	7,597,996
FRM Out Station	214,761	1,724,629
Civil Constraction	1,974,591	2,651,266
Stores Suppliers & Others	26,211,219	26,115,783
Paper Dealers	11,049,500	11,049,500
Chips Carrying	59,121	59,121
Cha House Holder 2019	104,400	104,400
	<u>62,311,045</u>	<u>64,602,152</u>



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
12.04.7 Advance Received Against Scrap Sales	3,879,224	3,879,224
This is as per last year account.		
12.04.8 Sundry Creditors for Other Finance	13,720,427	13,598,943
This is made up as follows:		
Advance Against Salary	90,172	68,172
Recovery of Other PF Cont. & Interest	4,159,386	3,920,117
Recovery of Welfare Loan, & Interest	-	411,889
BCIC Welfare Fund	475,660	475,660
Recovery of House Building Loan & Interest	3,416,065	2,765,365
Liabilities Against Godown Rent	4,366,707	4,366,707
KV Club (Subscription)	62,787	106,267
Mohila Club (Subscription)	25,452	9,208
KPM Sramik Karmachari CB Kendra	124,343	184,401
Karnaphuli Club Ctg	21,246	21,246
BCIC Club Ctg	690	690
Officers Welfare Association	-	168,323
Hajj Scheme	289,447	289,447
Bangladesh Chemical Societ	28,160	24,110
Payable to Agrani Bank Ltd.	2,000	2,000
Donation (Medical Treatment)	62,572	62,572
Red Crescent Fee	1,530	630
Union Subscription (Employees Union)	3,652	7,424
School Fund	538,544	538,544
Prokoushali Samity	661	32,325
Diploma Association	4,126	30,084
Hindu Mondir	16,700	13,164
Scout Fee	26,420	25,220
Buddist Fund	4,107	75,378
	13,720,427	13,598,943
12.04.9 Interest on Agrani Bank debenture	6,567,497	6,567,497
This is as per last year account.		
12.05 Creditors for Suppliers/Pay	342,524,951	332,951,734
This is made up as follows:		
12.05.1 Creditors for Stores Supply	104,747,396	93,534,478
12.05.2 Creditors for FRM Purchase/Expenses	55,442,505	56,742,505
12.05.3 Creditors for Materials and Chemicals	94,226,905	94,221,039
12.05.4 Creditors for Cost and Other Expenses	88,001,545	88,347,112
12.05.5 Creditors for Stores revenue on Loan	106,600	106,600
	342,524,951	332,951,734



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
12.05.1 Creditors for Stores Supply	104,747,396	93,534,478
This is made up as follows:		
Opening Balance	93,534,478	104,672,454
Add: Stores Received	111,217,830	72,376,924
	204,752,308	177,049,378
Less: Payments/Adjustment during the year	100,004,912	83,514,900
	<u>104,747,396</u>	<u>93,534,478</u>
The above represents creditors for store supply as on 30th June,2023.		
12.05.2 Creditors for FRM Purchase/Expenses	55,442,505	56,742,505
This is made up as follows:		
Royalty Payable	4,911,202	4,911,202
FRM Suppliers	895,021	1,695,021
FRM Cutting & rafting	634,180	1,134,180
FRM Out Station	840,048	840,048
Advance Against Bamboo Chips Carrying Expenses	130,140	130,140
Provision for Accrued Expenses	48,031,914	48,031,914
	<u>55,442,505</u>	<u>56,742,505</u>
12.05.3 Creditors for Materials and Chemicals	94,226,905	94,221,039
This is made up as follows:		
Amin Jute Mills Ltd.	799,128	799,128
Cash Purchase Clearing Account	(163,250)	(169,116)
Creditors for Raw-Materials	93,591,027	93,591,027
	<u>94,226,905</u>	<u>94,221,039</u>
This is made up as follows:		
Opening Balance 1st July,2022	(169,116)	(53,679)
Add: Addition for the year	-	(444,767)
	<u>(169,116)</u>	<u>(498,446)</u>
Less: Received/Adjustment	5,866.00	329,330
	<u>(163,250)</u>	<u>(169,116)</u>
12.05.4 Creditors for Cost and Other Expenses	88,001,545	88,347,112
This is made up as follows:		
12.05.4.1 Store in Transit	66,127,365	66,472,932
12.05.4.2 Imprt Clearing Account	21,874,180	21,874,180
	<u>88,001,545</u>	<u>88,347,112</u>
12.05.4.1 Store in Transit	66,127,365	66,472,932
This is made up as follows:		
Opening Balance	66,472,932	125,766,846
Add: Addition for the year	84,069	45,321,403
	66,557,001	171,088,249
Less: Received/Adjustment	429,636	104,615,317
	<u>66,127,365</u>	<u>66,472,932</u>



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
12.05.4.2 Import Clearing Account	21,874,180	21,874,180
This as per Last account		
12.05.5 Creditors for Stores Revenue on Loan	106,600	106,600
This is as per last year account.		
12.06 Current Account with Enterprises	259,721,788	259,732,545
This is made up as follows:		
12.06.1 Running Factories	149,682,086	149,344,143
12.06.2 Pay Off/Closed Factories	110,039,702	110,388,402
	<u>259,721,788</u>	<u>259,732,545</u>
12.06.1 Running Factories	149,682,086	149,344,143
This is made up as follows:		
Bangladesh Insulator and Sanitary Ware Factory Ltd.	1,666,360	1,666,360
Ashugonj Fertilizer & Chemical Co.Ltd	530,981	461,837
Jamuna Fertilizer Co.Ltd	1,238,382	970,683
Urea Fertilizer Factory Ltd.Ghorashal	668,311	668,311
Polash Urea Fertilizer Factory Ltd.	2,333,905	2,333,905
Trainig Institute for Chemical Industries (TICI)	337,060	337,060
BMR of KPM Ltd.	142,905,987	142,905,987
GPUFP	1,100	
	<u>149,682,086</u>	<u>149,344,143</u>
12.06.2 Pay Off/Closed Factories	110,039,702	110,388,402
This is made up as follows:		
Chittagong Chemical Complex (CCC)	5,223,822	5,172,522
Karnaphuli Rayon and Chemicals Ltd.(KRC)	97,181,882	97,581,882
Takerghat Lime Stone Mining Project (TIMP)	22,682	22,682
Khulna Newsprint Mills Ltd (KNM)	4,381,319	4,381,319
North Bengal Paper Mills Ltd.(NBPM) Pabna	3,229,997	3,229,997
	<u>110,039,702</u>	<u>110,388,402</u>
12.07 Creditors for WPPF	1,054,405	1,011,405
This is made up as follows:		
Opening Balance	1,011,405	970,405
Add: Addition for the year	43,000	41,000
	<u>1,054,405</u>	<u>1,011,405</u>
Less: Received/Adjustment	-	-
	<u>1,054,405</u>	<u>1,011,405</u>
12.08 Bank Overdraft	140,613,211	40,003,711
This is made up as follows:		
Sonali Bank Ltd. Ctg A/c # 643	944,721	944,721
Sonali Bank Ltd. (CNA) A/c # 0017	44,373,287	39,058,990
Sonali Bank Ltd. Ctg (A/C-1704)	-	-
BASIC Bank Ltd. Ctg (A/C 0866)	95,295,203	-
	<u>140,613,211</u>	<u>40,003,711</u>



		Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
12.09	Provision for Income Tax	16,630,396	14,920,632
	This is made up as follows:		
	Opening Balance	14,920,632	13,120,549
	Add: Addition for the year	1,709,764	1,800,083
		<u>16,630,396</u>	<u>14,920,632</u>
	The above balance represents accumulated Provision for Income Tax as on 30th June 2023. During the year under audit minimum tax 0.6% on gross receipts (Net Sales & Other Income) as per Provision of Section 82C of the Income Tax Ordinance -1984.		
13.00	Net Sales (Revenue)	279,453,595	296,524,444
	This is made up as follows:		
	Sales (Local)	293,426,280	309,520,477
	Less: VAT	13,972,685	12,996,033
		<u>279,453,595</u>	<u>296,524,444</u>
	Sales Quantity (MT)	2,936.884	3,713.776
	This is made up as follows:		
	Sales-External (MT)	2,825.511	3,607.454
	Sales-Own Consumption	111.373	106.322
		<u>2,936.884</u>	<u>3,713.776</u>
	The above represents sales quantity in Matric Tone as on 30th June,2023. During the year under audit sales per ton (average) Tk.95,153.09 and cost of goods sold per ton (average) Tk.180,804.70		
14.00	Cost of Goods Sold	531,002,419	695,824,950
	This is made up as follows:		
	Opening Finished Goods	387,506,727	523,291,167
	Add: Cost of Production	471,728,898	610,302,744
		859,235,625	1,133,593,911
	Less: Recoverd from KRC & Others	80,476,561	50,262,234
		778,759,064	1,083,331,677
	Less: Cloging Finished Goods	247,756,644	387,506,727
		<u>531,002,419</u>	<u>695,824,950</u>
14.01	Cost of Production	471,728,898	610,302,744
	This is made up as follows:		
	Opening Balance	109,910,140	119,417,979
	Add: Raw Material consumed	89,418,164	94,303,775
	Add: Chemical and Other Materials	3,686,573	6,495,738
		203,014,877	220,217,492
	Less: Closing Work-in-Process	109,910,140	109,910,140
		93,104,737	110,307,352
	Add: Direct Labour	43,952,413	23,558,145
	Add: Factory Overhead	334,671,748	476,437,247
		<u>471,728,898</u>	<u>610,302,744</u>



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
14.01.1 Raw Material Consumption	89,418,164	94,303,775
This is made up as follows:		
14.01.1.1 FRM Materials	1,807,427	9,737,459
14.01.1.2 PULP Materials	86,370,554	80,071,747
14.01.1.3 Talcum Powder	1,240,183	4,494,569
	<u>89,418,164</u>	<u>94,303,775</u>
14.01.1.1 FRM Materials	1,807,427	9,737,459
This is made up as follows:		
Bamboo Muli	-	-
FRM Expenses	1,807,427	9,737,459
	<u>1,807,427</u>	<u>9,737,459</u>
14.01.1.2 PULP Materials	86,370,554	80,071,747
This is made up as follows:		
Foreign Pulp	14,252,708	58,869,777
Old C.C & Other	72,117,846	21,201,970
	<u>86,370,554</u>	<u>80,071,747</u>
14.01.1.3 Talcum Powder	1,240,183	4,494,569
It represents total balance of Talcum Powder as on 30th June, 2023.		
14.01.2 Chemical and Other Materials	3,686,573	6,495,738
This is made up as follows:		
Rosin	219,640	1,308,417
AKD/SK/KE	1,318,886	2,216,154
Starch	66,665	798,951
Salt Cake/s.sulphate	-	-
Colours and Dyes	1,942,197	1,045,349
Calcium and Carbonate	-	-
Other Chemicals	4,054	126,204
Alum Plant	135,131	1,000,663
	<u>3,686,573</u>	<u>6,495,738</u>
14.01.3 Factory Overhead	334,671,748	476,437,247
This is made up as follows:		
Factory Salaries & wages	130,799,194	206,216,481
Gas	105,516,509	158,853,583
Electricity	49,560,031	29,453,556
Oil & Lubricants	1,079,354	3,501,435
Gas for Residential & Comm.	1,552,327	7,693,623
Stores & Spares	15,717,270	30,104,715
Handling & Spares	(1,184,129)	5,752,762
Repairs & Maintenance	13,010,517	19,644,411
Advertisement & Publicity	618,765	2,055,296
Accident/Death Compensation	5,542,733	22,978
Uniform & Dresses	1,181,748	1,484,132
Medical Expenses	-	71,541
Other Welfare	1,168,662	1,452,894
Factory Depreciation	10,108,767	10,129,840
	<u>334,671,748</u>	<u>476,437,247</u>



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
15.00 General & Administrative Expenses	70,821,298	98,438,266
This is made up as follows:		
Salary & Allowances	44,794,245	70,622,083
Head Office Expanse	900,000	-
Subscription & Donation	60,000	114,935
Enterprise Board Meeting Expenses	66,000	364,530
Entertainment Expenses & Others	499,108	368,999
Entertainment Expenses Guest House	1,045,838	160,597
Professional Charges	502,500	935,505
News Paper & Periodicals	11,640	10,650
Office Expenses	64,801	285,073
Printing & Stationery	462,013	222,492
Postage, Telegraph	110,697	16,260
Telephone & Talex	204,267	217,750
Travelling & Conveyance	3,070,230	1,553,012
Audit Fees	120,000	120,000
Bus Hire Charges	3,390	6,780
Vehicles Running & Maintenance	1,223,778	906,877
Vehicles Maintenance	32,682	160,555
Training Expenses	20,500	75,000
Security Expenses	6,147,667	2,328,760
Accident/ Death Compasation	923,789	3,830
Advertiscment and Publicity	52,185	173,338
Colony Maint and Others	4,163,365	6,286,212
Gas for Residential & Comm.	916,128	4,540,499
Land Revenue	217,672	713,396
Lighting & Electricity	75,550	218,638
Office Rent	65,155	867,465
Vehicle Tax	550	17,348
Renewal Rate & Taxes	724,310	2,488,470
Municipal Tax	1,816,268	1,831,380
Welfare Expenses (Medical)	-	20,985
Welfare Expenses (Other)	689,702	857,445
Welfare Expenses (Uniform)	426,742	535,936
Depreciation	1,410,526	1,413,466
	<u>70,821,298</u>	<u>98,438,266</u>
16.00 Sales & Distribution Expenses	4,478,085	7,529,568
This is made up as follows:		
Salaries & Allowances	3,583,540	5,649,767
Handling and Transportation	(131,570)	639,196
Accident/Death Compensation	376,358	1,560
Advertisement & Publicity	74,550	247,626
Repairs & Maintenance	173,474	261,925
Gas for Residential & Comm.	76,344	378,375
Welfare Expenses (Uniform)	32,826	41,225
Welfare Expenses (Medical)	-	2,862
Welfare Expenses (Other)	57,475	71,454
Depreciation	235,088	235,578
	<u>4,478,085</u>	<u>7,529,568</u>



	Amount (Tk.) 30.06.2023	Amount (Tk.) 30.06.2022
17.00 Other Income	5,507,133	3,489,392
This is made up as follows:		
Sale of stores Matrs & Others	2,183,633	-
Interest on FDR	674,125	-
Interest on STD A/C	780,993	769,180
K.C. Service Station	218,894	877,029
School & College	1,126,063	1,219,158
Sundry Receipts	523,425	624,025
	<u>5,507,133</u>	<u>3,489,392</u>
18.00 Financial Expenses	3,043,066	4,696,534
This is made up as follows:		
Interest on Commercial Bank Loan	-	650,378
Bank Charges Misc	243,066	1,246,156
Interest on CUFL Loan	2,800,000	2,800,000
	<u>3,043,066</u>	<u>4,696,534</u>
19.00 Inome Tax Expenses	1,709,764	1,800,083
This is made up as follows:		
A. Regular Tax	-	-
Net Profit/(Loss) Before Income Tax	(324,384,139)	(506,475,482)
Tax @ Rate 30% (Being Loss)	-	-
	<u>-</u>	<u>-</u>
B. Minimum Tax U/S-82c		
Gross Receipts	284,960,728	300,013,836
Minimum Tax @ 0.60%	1,709,764	1,800,083
Tax Expenses (A or B Whichever is higher)	<u>1,709,764</u>	<u>1,800,083</u>

During the year under audit as per above calculation the minimum income tax expenses is Tk. 1,709,764.

20.00 Subsequent Events-Disclosures under IAS-10 "Events After the Reporting Period".

There was no adjusting post statement of Financial Position events of such importance, non-disclosure of which would affect the ability of the users of financial statements to make proper evaluation and decisions.



KARNAPHULI PAPER MILLS LTD.

SCHEDULE OF FIXED ASSETS AS ON 30TH JUNE, 2023

Annexure-A

Particulars	Accumulated Cost		Rate of Dep.	Accumulated Depreciation		Written Down Value	
	Balance as on 30.06.2022	Addition during the year		Balance as on 30.06.2022	Charged during the year	As on 30.06.2023	As on 30.06.2022
Land	2,384,354	-	0%	307,579	-	2,076,775	2,076,775
Building (KPM)	201,026,300	-	2.5-7.5%	151,610,716	1,674,834	47,740,750	49,415,584
Building (CC Plant)	21,798,465	-	2.5-7.5%	13,330,231	423,412	8,044,822	8,468,234
Jetty Roads	89,553,530	-	10-15%	87,844,865	176,980	1,531,684	1,708,665
Plant & Machinery (KPM)	760,297,819	-	7.5%	684,595,302	5,677,684	70,024,833	75,702,516
Plant & Machinery (CC Plant)	138,175,912	-	7.5%	99,517,402	2,899,388	35,759,122	38,658,510
Motor Vehicle	108,353,944	-	20-25%	106,889,391	329,902	1,134,651	1,464,553
Flotilla	1,036,468	-	20%	1,036,269	40	160	200
Furniture & Fixture (KPM)	31,268,364	-	10-25%	29,476,907	144,878	1,646,578	1,791,457
Furniture & Fixture (CCP)	4,296,333	-	10-25%	3,499,093	79,724	717,516	797,240
Ropeway	39,480,995	-	5%	35,286,831	209,708	3,984,456	4,194,165
Sundry Assets	12,798,562	-	5%	10,041,917	137,832	2,618,813	2,756,645
Total	1,410,471,046	-		1,223,436,503	11,754,381	175,280,161	187,034,544

