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**Bangladesh Power Equipment Manufacturing Company Limited**

Plot- 9/F, Sena Kalyan Commercial Complex

4th Floor, Tongi, Gazipur

**Bangladesh Power Equipment Manufacturing Company Limited**  
**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

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**K. M. HASAN & CO.**

**Chartered Accountants**

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**K. M. HASAN & CO.**  
**Chartered Accountants**

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**McMillan Woods  
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*Professionalism at the forefront*

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS  
OF  
Bangladesh Power Equipment Manufacturing Company Limited**

**Report on the audit of the Financial Statements**

**Opinion**

We have audited the financial statements of **Bangladesh Power Equipment Manufacturing Company Limited**, which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

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

**Other Information**

Management is responsible for the other information. The other information comprises all of the information in the Annual report other than the financial statements and our auditor's report thereon.

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 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.





## **Responsibilities of Management of Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's Responsibilities for the audit of the financial statements**

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

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

- Identify and access the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed 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;
- Obtained an understanding of internal control relevant to the audit in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern;



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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


#### **Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994 and We also report the following:

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

**Place: Dhaka**

Dated: 28 November 2022



**Md. Farhad Husain Suman FCA**  
Partner

**K. M. HASAN & CO.**  
Chartered Accountants  
Enrollment No. :1635  
DVC: 2212151635AS221906





**Bangladesh Power Equipment Manufacturing Company Limited**  
**Statement of Financial Position**  
**As at 30 June 2022**


|                                      | Notes | 2022<br>Taka       | 2021<br>Taka         |
|--------------------------------------|-------|--------------------|----------------------|
| <b>ASSETS</b>                        |       |                    |                      |
| <b>Non Current Assets</b>            |       |                    |                      |
| Property, Plant and Equipment        | 4     | 29,095,886         | 34,035,626           |
| Right of Use Assets                  | 5     | 4,256,465          | -                    |
| Deferred tax asset                   | 6     | 918,226            | -                    |
|                                      |       | <b>34,270,577</b>  | <b>34,035,626</b>    |
| <b>Current Assets</b>                |       |                    |                      |
| Inventories                          | 7     | 34,192,782         | 132,250,508          |
| Accounts Receivable                  | 8     | 287,203,503        | 148,314,101          |
| Advance, Deposit and Prepayments     | 9     | 5,420,954          | 4,190,268            |
| Advance Income Tax                   | 10    | 17,833,865         | 53,177,446           |
| Investment in Fixed Deposit Receipts | 11    | 105,022,800        | 175,022,800          |
| Cash and Cash Equivalents            | 12    | 14,730,584         | 487,362,538          |
|                                      |       | <b>464,404,488</b> | <b>1,000,317,661</b> |
| <b>Total Assets</b>                  |       | <b>498,675,064</b> | <b>1,034,353,287</b> |
| <b>EQUITY AND LIABILITIES</b>        |       |                    |                      |
| <b>Equity</b>                        |       |                    |                      |
| Share Capital                        | 13    | 75,982,080         | 75,982,080           |
| Retained Earnings                    |       | 178,399,761        | 135,749,220          |
|                                      |       | <b>254,381,841</b> | <b>211,731,300</b>   |
| <b>Current Liabilities</b>           |       |                    |                      |
| Lease Liabilities                    | 14    | 4,571,789          | -                    |
| Accounts Payable                     | 15    | 191,063,590        | 652,488,922          |
| Liability For Expenses               | 16    | 26,745,288         | 2,152,340            |
| Short Term Loan                      |       | -                  | 100,000,000          |
| Provision for WPPF                   |       | 4,111,251          | 9,711,532            |
| Provision for Income Tax             | 17    | 17,801,305         | 58,269,193           |
|                                      |       | <b>244,293,223</b> | <b>822,621,987</b>   |
| <b>Total Equity and Liabilities</b>  |       | <b>498,675,064</b> | <b>1,034,353,287</b> |


Annexed notes form an integral part of these financial statements.

  
**Company  
Secretary**

  
**Chief Financial  
Officer**

  
**Chief Executive Officer**

  
**Director**

  
**Director**

Signed in terms of our separate report of even date annexed.

  
**Md. Farhad Husain Suman FCA**  
 Partner  
**K. M. HASAN & CO.**  
 Chartered Accountants  
 Enrollment No. :1635  
 DVC: 2212151635AS221906

**Place: Dhaka**  
**Dated: 28 November 2022**



**Bangladesh Power Equipment Manufacturing Company Ltd.**  
**Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended 30 June 2022


|   | Notes | 2022<br>Taka        | 2021<br>Taka       |
|---|-------|---------------------|--------------------|
| Revenue                                   |       | 317,141,130         | 965,081,380        |
| Cost Of Goods Sold                        | 18    | (228,589,732)       | (724,632,081)      |
| <b>Gross Profit</b>                       |       | <b>88,551,398</b>   | <b>240,449,299</b> |
| <b>Operating Expenses</b>                 |       |                     |                    |
| Administrative Expenses                   | 19    | (24,676,590)        | 26,456,779         |
| Selling and Distribution Expenses         | 20    | (733,401)           | 244,675            |
|   |       | <b>(25,409,991)</b> | <b>26,701,454</b>  |
| <b>Operating Profit</b>                   |       | <b>63,141,407</b>   | <b>213,747,845</b> |
| Other Income                              | 21    | 92,037              | 304,985            |
| Interest Income                           | 22    | 6,820,531           | 3,190,185          |
| Finance Expense                           | 23    | (4,111,919)         | (13,300,838)       |
|   |       | <b>2,800,650</b>    | <b>(9,805,667)</b> |
| <b>Profit Before Contribution to WPPF</b> |       | <b>65,942,056</b>   | <b>203,942,178</b> |
| Contribution to WPPF                      |       | (3,140,098)         | (9,711,532)        |
| <b>Profit Before Tax</b>                  |       | <b>62,801,959</b>   | <b>194,230,646</b> |
| Provision for Income Tax                  |       | (17,270,539)        | (58,269,194)       |
| Deferred Tax Income                       |       | 918,226             | -                  |
| <b>Profit After Tax</b>                   |       | <b>46,449,646</b>   | <b>135,961,452</b> |
| Other Comprehensive Income                |       | -                   | -                  |
| <b>Total Comprehensive Income</b>         |       | <b>46,449,646</b>   | <b>135,961,452</b> |

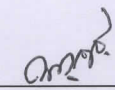
Annexed notes form an integral part of these financial statements.

  
\_\_\_\_\_  
Company  
Secretary

  
\_\_\_\_\_  
Chief Financial  
Officer

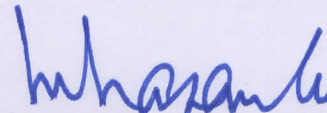
  
\_\_\_\_\_  
Chief Executive  
Officer

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

Signed in terms of our separate report of even date annexed.

Place: Dhaka  
Dated: 28 November 2022

  
**Md. Farhad Husain Suman FCA**  
Partner  
**K. M. HASAN & CO.**  
Chartered Accountants  
Enrollment No. :1635  
DVC: 2212151635AS221906





**Bangladesh Power Equipment Manufacturing Company Ltd.**  
**Statement of Changes in Equity**  
For the year ended 30 June 2022

Amount in Taka

| Particular                         | Share Capital     | Retained Earnings  | Total              |
|------------------------------------|-------------------|--------------------|--------------------|
| Opening Balance as at 2021         | 75,982,080        | 135,749,220        | 211,731,300        |
| Addition during the year           | -                 | -                  | -                  |
| Cash dividend paid during the year | -                 | (3,799,104)        | (3,799,104)        |
| Profit after tax during the year   | -                 | 46,449,646         | 46,449,646         |
| <b>Balance as at 30 June 2022</b>  | <b>75,982,080</b> | <b>178,399,761</b> | <b>254,381,841</b> |

For the year ended 30 June 2021

Amount in Taka

| Particular                        | Share Capital     | Share Money Deposits | Retained Earnings  | Total              |
|-----------------------------------|-------------------|----------------------|--------------------|--------------------|
| Opening Balance as at 2020        | 36,000,000        | 131,352              | (212,232)          | 35,919,120         |
| Addition during the year          | 39,850,728        | -                    | -                  | 39,850,728         |
| Transferred to share capital      | 131,352           | (131,352)            | -                  | -                  |
| Profit after tax during the year  | -                 | -                    | 135,961,452        | 135,961,452        |
| <b>Balance as at 30 June 2021</b> | <b>75,982,080</b> | <b>-</b>             | <b>135,749,220</b> | <b>211,731,300</b> |

  
 \_\_\_\_\_  
 Company Secretary

  
 \_\_\_\_\_  
 Chief Financial Officer


  
 \_\_\_\_\_  
 Chief Executive Officer

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

Signed in terms of our separate report of even date annexed.

Place: Dhaka  
 Dated: 28 November 2022

  
**Md. Farhad Husain Suman FCA**  
 Partner  
**K. M. HASAN & CO.**  
 Chartered Accountants  
 Enrollment No. :1635  
 DVC: 2212151635AS221906



**Bangladesh Power Equipment Manufacturing Company Ltd.**

**Statement of Cash Flow**  
For the year ended 30 June 2022

|   | <b>2022</b>          | <b>2021</b>          |
|---|----------------------|----------------------|
|   | <b><u>Taka</u></b>   | <b><u>Taka</u></b>   |
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>            |                      |                      |
| Net profit/(Loss) before tax                              | 62,801,959           | 194,230,646          |
| <b>Adjustments for Non-Cash Items:</b>                    |                      |                      |
| Depreciation  | 12,049,930           | 4,111,254            |
|   | <b>74,851,888</b>    | <b>198,341,900</b>   |
| <b>Changes in working capital:</b>                        |                      |                      |
| (Increase)/Decrease in Inventories                        | 98,057,726           | (132,250,508)        |
| (Increase)/Decrease in Accounts receivable                | (138,889,402)        | (148,314,101)        |
| (Increase)/Decrease in advance, deposits and prepayments  | (1,230,686)          | (947,518)            |
| (Increase)/Decrease in Advance income tax                 | 35,343,581           | (53,127,423)         |
| Increase/(Decrease) in Accounts payable                   | (461,425,332)        | 652,488,922          |
| Increase/(Decrease) in Liabilities for expenses           | 24,592,948           | 1,008,564            |
| Increase/(Decrease) in Provision for WPPF                 | (5,600,281)          | 9,711,532            |
| Income Tax paid   | (57,738,426)         | (162,578)            |
| Cash flows from/(used in) Operation                       | (506,889,873)        | 328,406,890          |
| <b>Net cash flows from/(used in) operating activities</b> | <b>(432,037,984)</b> | <b>526,748,790</b>   |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>            |                      |                      |
| Capital work-in-progress                                  | -                    | 12,696,621           |
| Property, plant and equipment                             | (725,492)            | (38,146,880)         |
| Encashment/(Investment) in Fixed Deposit Receipts (FDR)   | 70,000,000           | (175,022,800)        |
| <b>Net cash flows (used in) investing activities</b>      | <b>69,274,508</b>    | <b>(200,473,059)</b> |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>            |                      |                      |
| Share capital   | -                    | 39,982,080           |
| Share money deposit                                       | -                    | (131,352)            |
| Cash dividend paid  | (3,799,104)          | -                    |
| Principal payment of lease                                | (6,069,374)          | -                    |
| Short term loan (Paid)/Received                           | (100,000,000)        | 100,000,000          |
| <b>Net cash flows from financing activities</b>           | <b>(109,868,478)</b> | <b>139,850,728</b>   |
| <b>D. Changes in cash and cash equivalents (A+B+C)</b>    | <b>(472,631,954)</b> | <b>466,126,458</b>   |
| <b>E. Opening cash and cash equivalents</b>               | <b>487,362,538</b>   | <b>21,236,079</b>    |
| <b>Closing cash and cash equivalents (D+E)</b>            | <b>14,730,584</b>    | <b>487,362,538</b>   |



Company  
Secretary



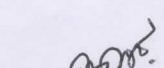
Chief  
Financial  
Officer



Chief Executive Officer



Director



Director

Place: Dhaka

Dated: 28 November 2022





**Bangladesh Power Equipment Manufacturing Company Limited**  
**Notes To The Financial Statements**  
As at and for the year ended 30 June 2022

**1. Reporting entity**

**1.1 Legal status**

"Bangladesh Power Equipment Manufacturing Company Limited" incorporated in Bangladesh with the Register of Joint Stock Companies and Firms (RJSC) vide registration no C-156671/ dated 31 October 2019 as a private limited company under the companies Act, 1994 after getting cabinet approval on 19 August 2019. The Company also got KEMA certificate on 28 May 2020 and Trade License on 30 June 2020. The register office of the company is at House#19, Road#1/B, Sector#9, Uttara, Daka.

**1.2 Nature of business**

The principal activities of the company is to carry on the bussiness with the object of assembling and manufacturing kwh meters, smart prepayment meters and other related equipment that means smart prepayment meters and other electric items.

**2 Summary of significant accounting policies and other material information:**

**2.1 Statement of Compliance:**

The financial statements have been prepared in conformity with the provisions of the Companies Act 1994, International Financial Reporting Standard and other relevant rules and regulations

**2.2 Basis of Preparation of Financial Statements**

The financial statements have been prepared in accordance with the going concern principle and historical cost convention. The significant accounting policies are set out below.

**2.3 Structure Contents and Presentation of Financial Statements**

The presentation of the financial statements is in accordance with the guidelines provided by IAS-1:

"Presentation of Financial Statements". A complete set of financial statements comprise:

The financial statements comprise of:

- a) Statement of Financial Position;
- b) Statement of Profit or Loss and Other Comprehensive Income;
- c) Statement of Changes in Equity;
- d) Statement of Cash Flows;
- e) Notes comprising a summary of significant accounting policies and other explanatory information to the Financial Statements.



## **2.4 Other Regulatory Compliance**

The Company is required to comply with amongst others, the following laws and regulations with latest amendments:

- a) The Companies Act 1994;
- b) The Income Tax Ordinance 1984 with latest amendments;
- c) The Income Tax Rules 1984 with latest amendments; and
- d) The Value Added Tax and Supplementary Duty Act, 2012 with latest amendments;
- e) Labor Law 2006, ammended in 2013

## **2.5 Accrual Basis**

The financial statements have been prepared, except cash flow information, using the accrual basis of accounting.

## **2.6 Going Concern**

The Company has adequate resources to continue in operation for the foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment, there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

## **2.7 Statement of Cash Flows**

Statement of cash flows has been prepared as per IAS 7: Statement of Cash Flows using Indirect Method .

## **3 Property, Plant and Equipment**

As per IAS-16, Property, Plant and Equipment are stated at their historical cost less accumulated depreciation. Depreciation is charged on all other assets on straight line method. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date that the assets are derecognized.

### **i. Subsequent costs**

The cost of replacing or upgrading part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss.

### **ii. Disposal of Fixed Assets**

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





### **iii. Impairment of Asset**

The carrying values of all non-current assets are reviewed for impairment, either on a stand-alone basis or as part of a larger cash generating unit, when there is an indication that the assets might be impaired.

### **3.1 Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost comprises invoice value plus applicable handling charges. Net realizable value is based on estimated selling price less estimated cost to completion and selling expenses.

### **3.2 Employees' Benefit Scheme**

#### **Worker's Profit & Participation Fund**

The company makes a regular allocation of 5% on net profit before tax to these funds and payment is made to the worker's as per provision of Labor Law 2006 chapter-15.

### **3.3 Leases IFRS-16**

Bangladesh Power Equipment Manufacturing Company Limited. has applied IFRS 16: "Leases for the first time with the date of initial application of 01 July 2021 using modified retrospective approach where the company measured the lease liability at the present value of the remaining lease payments and recognized a right-of-use asset at the date of the initial application on a lease by lease basis.

In according to IFRS 16 leases, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

An asset typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

Upon lease commencement the company recognizes a right-of-use asset and lease liability. The right-of-use asset is initially measured at the amount of the lease liability. After lease commencement, the company measures the right-of-use asset using a cost model. Under the cost model a right-of use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is initially measured at the present value of the lease payments payable over the lease term.

### **3.4 Revenue Recognition**

As per IFRS-15, Revenue is recognized as control is passed, either over time or at a point in time an entity recognizes revenue over time if one of the following criteria is met: the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs; the entity's performance creates or enhances an asset that the customer controls as the asset is created; or the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.



Income refers to increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in an increase in equity, other than those relating to contributions from equity participants.

### **3.5 Foreign Currency Transactions**

As per IAS-21 Transactions in Foreign Currencies are translated into BDT at the rate of exchange ruling on date of transaction. Monetary assets and liabilities expressed in foreign currencies are translated into BDT at the rate of exchange ruling at the date of Statement of Financial position.

### **3.6 Advances, deposits and prepayments**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

### **3.7 Accounts Receivables**

Accounts Receivables are stated at their nominal value and considered good. No provision has been made for doubtful debt and no amount was written off as bad debt.

### **3.8 Accounts Payable**

Accounts Payables are stated at their nominal value.

### **3.9 Cash and Cash Equivalents**

Cash and cash equivalents comprises cash in hand, bank current accounts, other bank deposits free of encumbrance and having maturity dates of three months or less from respective dates of deposit.

### **3.10 Income Tax Expenses**

The computation of current year income tax has been made in accordance with the provision of Finance Act 2022.

### **3.11 Deferred taxation**

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the reporting date. The impact on the account of changes in the deferred tax assets and liabilities have also been recognized in the statement of Profit or Loss as per IAS-12 "Income Taxes".





### **3.12 Provisions**

Provisions are liabilities of uncertain timings or amount. Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

### **3.13 Related Party Transaction**

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

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

The Company transacts with related parties and recognize as per IAS 24 'Related Party Disclosures'. Related party transactions have been disclosed under Note- 24.

### **3.14 Comparative Information**

Comparative information have been disclosed in respect of the year 2020-2021 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding the current years financial statements. Previous year's figures have been rearranged / reclassified / regrouped where necessary to confirm to current year's financial presentation.

### **3.15 Financial Year**

For this year financial year means, 01 July 2021 to 30 June 2022.

### **3.17 General**

- i) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- ii) Previous year's figure have been re-arranged/re-grouped where necessary to conform to the current year's financial presentation.
- iii) Figures in these notes and annexed financial statements have been rounded off to the nearest taka.



4 PROPERTY, PLANT AND EQUIPMENT

| Particulars                     | Cost                  |                             |                                | Rate<br>% | Depreciation          |                            |                                  | Written down<br>value at 30<br>June 2022 |
|---------------------------------|-----------------------|-----------------------------|--------------------------------|-----------|-----------------------|----------------------------|----------------------------------|--|
|                                 | As at 01 July<br>2021 | Addition during<br>the year | Disposal<br>during the<br>year |           | As at 30 June<br>2022 | Charged<br>during the year | Adjustment<br>during the<br>year |  |
| Plant Equipment                 | 20,657,916            | -                           | -                              | 10%       | 20,657,916            | 2,065,792                  | -                                | 17,559,228                               |
| Office Equipment                | 838,835               | 436,588                     | -                              | 20%       | 1,275,423             | 240,524                    | -                                | 959,545                                  |
| Furniture Fixture               | 1,528,700             | -                           | -                              | 20%       | 1,528,700             | 305,740                    | -                                | 952,123                                  |
| Air Condition                   | 5,125,295             | -                           | -                              | 20%       | 5,125,295             | 1,025,059                  | -                                | 3,160,599                                |
| Interior Decoration             | 9,996,134             | -                           | -                              | 20%       | 9,996,134             | 1,999,227                  | -                                | 6,204,377                                |
| Motor Vehicle                   | -                     | 288,904                     | -                              | 20%       | 288,904               | 28,890                     | -                                | 260,014                                  |
| <b>Balance as at 30.06.2022</b> | <b>38,146,880</b>     | <b>725,492</b>              | <b>-</b>                       |           | <b>38,872,372</b>     | <b>5,665,232</b>           | <b>-</b>                         | <b>29,095,886</b>                        |
| <b>Balance as at 30.06.2021</b> | <b>-</b>              | <b>38,146,880</b>           | <b>-</b>                       |           | <b>38,146,880</b>     | <b>4,111,254</b>           | <b>-</b>                         | <b>34,035,626</b>                        |

Amount in Taka





|   | 2022<br>Taka       | 2021<br>Taka       |
|---|--------------------|--------------------|
| <b>5 RIGHT OF USE ASSETS</b>                        |                    |                    |
| Opening balance                                     | -                  | -                  |
| Add: Addition during the year                       | 10,641,163         | -                  |
|   | 10,641,163         | -                  |
| Less: Depreciation on right of use assets           | (6,384,698)        | -                  |
|   | <u>4,256,465</u>   | <u>-</u>           |
| Details are shown in Annexure-A                     |                    |                    |
| <b>6 DEFERRED TAX ASSETS</b>                        |                    |                    |
| Opening balance                                     | -                  | -                  |
| Add: Deferred tax assets during the year (Note-6.1) | (918,226)          | -                  |
|   | <u>(918,226)</u>   | <u>-</u>           |
| <b>6.1 Deferred Tax Assets During The Year</b>      |                    |                    |
| Carrying value of depreciable fixed assets          | 29,095,886         | -                  |
| Tax base value                                      | 32,434,889         | -                  |
| <b>Deductible temporary differences</b>             | <u>(3,339,003)</u> | <u>-</u>           |
| Applicable tax rate                                 | 27.50%             | -                  |
| <b>Deferred tax asset</b>                           | <u>(918,226)</u>   | <u>-</u>           |
| <b>7 INVENTORIES</b>                                |                    |                    |
| Raw materials                                       | 34,192,782         | 34,192,782         |
| Work-in-progress                                    | -                  | 98,057,726         |
|   | <u>34,192,782</u>  | <u>132,250,508</u> |
| <b>8 ACCOUNTS RECEIVABLE</b>                        |                    |                    |
| Dhaka PBS-1   | 58,712,824         | 19,874,642         |
| Dhaka PBS-3   | 57,019,824         | 19,874,642         |
| Dhaka PBS -4  | 56,606,383         | 19,874,641         |
| Narayangonj PBS-1                                   | 57,530,753         | 40,923,971         |
| Narayangonj PBS-2                                   | 57,333,719         | 40,923,971         |
| Other Receivables (Note-8.1)                        | -                  | 6,842,234          |
|   | <u>287,203,503</u> | <u>148,314,101</u> |
| <b>8.1 Other Receivable</b>                         |                    |                    |
| Fixed deposit interest                              | -                  | 373,974            |
| VAT Receivable                                      | -                  | 6,468,260          |
|   | <u>-</u>           | <u>6,842,234</u>   |



|  | 2022<br><u>Taka</u> | 2021<br><u>Taka</u> |
|--|---------------------|---------------------|
| <b>9 ADVANCE, DEPOSIT AND PREPAYMENT</b>       |                     |                     |
| Security deposit for office space              | 3,192,000           | 3,192,000           |
| Advance against purchase/assignment            | 47,450              | 15,000              |
| Prepaid for insurance premium                  | 73,288              | 65,145              |
| Margin of bank guarantee                       | 2,100,093           | 880,000             |
| Office stores                                  | 8,123               | 38,123              |
|  | <u>5,420,954</u>    | <u>4,190,268</u>    |
| <b>10 ADVANCE INCOME TAX</b>                   |                     |                     |
| Opening balance                                | 53,177,446          | 50,023              |
| Add: Addition during the year (Note-10.1)      | 17,775,049          | 53,177,446          |
|  | 70,952,495          | 53,227,469          |
| Less: Adjustment during the year               | (53,118,630)        | (50,023)            |
|  | <u>17,833,865</u>   | <u>53,177,446</u>   |
| <b>10.1 Addition during the year</b>           |                     |                     |
| Advance income tax                             | -                   | 37,443,127          |
| Tax deducted at source                         | 17,114,415          | 15,452,698          |
| AIT on bank interest                           | 172,576             | 122,741             |
| AIT on FDR interest                            | 488,059             | 158,880             |
|  | <u>17,775,049</u>   | <u>53,177,446</u>   |
| <b>11 INVESTMENT IN FIXED DEPOSIT RECEIPTS</b> |                     |                     |
| Opening balance                                | 175,022,800         | 20,364,000          |
| Add: Addition during the year                  | 20,000,000          | 183,300,769         |
|  | 195,022,800         | 203,664,769         |
| Less: Encashment during the year               | (90,000,000)        | (28,641,969)        |
|  | <u>105,022,800</u>  | <u>175,022,800</u>  |
| <b>12 CASH &amp; CASH EQUIVALENTS</b>          |                     |                     |
| Cash in hand                                   | 50,000              | 50,000              |
| Cash at bank (Note - 12.1)                     | 14,680,584          | 487,312,538         |
|  | <u>14,730,584</u>   | <u>487,362,538</u>  |
| <b>12.1 Cash at Bank</b>                       |                     |                     |
| United Commercial Bank Limited                 |                     |                     |
| SND:   | 831301000000222     | 14,350,755          |
| CD   | 0831101000001142    | 33,511              |
|  |                     | 486,420,069         |
| Prime Bank Ltd.                                |                     | 40,886              |
| SND:   | 2140314020111       | 293,522             |
| CD:  | 2140117020112       | 2,176               |
| CD:  | 2140116020113       | 620                 |
|  |                     | 1,310               |
|  | <u>14,680,584</u>   | <u>487,312,538</u>  |





|  | 2022<br>Taka         | 2021<br>Taka       |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
|--|----------------------|--------------------|-----------------------------|-----------|-----------------------------------|-----------|--|------------------|--|------------|------------|------------|------------|-------------------|-------------------|--|------------|------------|------------|------------|-------------------|-------------------|
| <b>13 SHARE CAPITAL</b>  |                      |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| <b>Authorized Share Capital</b>  |                      |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| 20,000,000 Ordinary shares of TK 10 each   | <u>200,000,000</u>   | <u>200,000,000</u> |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| <b>Issued, Subscribed and Paid-up capital</b>  |                      |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| 7,598,208 Ordinary shares of Tk 10/- each fully paid up  | <u>75,982,080</u>    | <u>75,982,080</u>  |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| The composition of fully paid up share capital is as follows:  |                      |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| <table><tr><th>Name of Shareholders</th><th>No. of Shares</th></tr><tr><td>Rural Power Company Limited</td><td>3,875,086</td></tr><tr><td>Shenzhen Star Instrument Co. Ltd.</td><td>3,723,122</td></tr><tr><td></td><td><u>7,598,208</u></td></tr></table> | Name of Shareholders | No. of Shares      | Rural Power Company Limited | 3,875,086 | Shenzhen Star Instrument Co. Ltd. | 3,723,122 |  | <u>7,598,208</u> | <table><tr><td>38,750,860</td><td>38,750,860</td></tr><tr><td>37,231,220</td><td>37,231,220</td></tr><tr><td><u>75,982,080</u></td><td><u>75,982,080</u></td></tr></table> | 38,750,860 | 38,750,860 | 37,231,220 | 37,231,220 | <u>75,982,080</u> | <u>75,982,080</u> | <table><tr><td>38,750,860</td><td>38,750,860</td></tr><tr><td>37,231,220</td><td>37,231,220</td></tr><tr><td><u>75,982,080</u></td><td><u>75,982,080</u></td></tr></table> | 38,750,860 | 38,750,860 | 37,231,220 | 37,231,220 | <u>75,982,080</u> | <u>75,982,080</u> |
| Name of Shareholders   | No. of Shares        |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Rural Power Company Limited  | 3,875,086            |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Shenzhen Star Instrument Co. Ltd.  | 3,723,122            |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
|  | <u>7,598,208</u>     |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| 38,750,860   | 38,750,860           |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| 37,231,220   | 37,231,220           |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| <u>75,982,080</u>  | <u>75,982,080</u>    |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| 38,750,860   | 38,750,860           |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| 37,231,220   | 37,231,220           |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| <u>75,982,080</u>  | <u>75,982,080</u>    |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| <b>14 LEASE LIABILITIES</b>  |                      |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Opening balance  | -                    | -                  |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Add: Addition during the year  | 10,641,163           | -                  |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Add: Interest charged on lease liabilities   | 660,426              | -                  |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
|  | <u>11,301,589</u>    | -                  |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Less: Rent paid during the year  | (6,729,800)          | -                  |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
|  | <u>4,571,789</u>     | -                  |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| <b>15 ACCOUNTS PAYABLE</b>   |                      |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Payable to overseas supplier   | 152,945,218          | 634,881,032        |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Payable to local supplier  | 15,854,445           | -                  |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Security deposits -others  | 1,377,326            | 42,800             |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Payable to RPCL  | 20,886,601           | 17,565,090         |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
|  | <u>191,063,590</u>   | <u>652,488,922</u> |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| <b>16 LIABILITY FOR EXPENSES</b>   |                      |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Audit fees   | 51,750               | 30,000             |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Honorarium   | -                    | 102,000            |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Provision for allowance  | 26,693,538           | 2,020,340          |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
|  | <u>26,745,288</u>    | <u>2,152,340</u>   |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| <b>17 PROVISION FOR INCOME TAX</b>   |                      |                    |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Opening balance  | 58,269,193           | 162,577            |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Add: Addition during the year  | 17,270,539           | 58,269,194         |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
|  | <u>75,539,732</u>    | <u>58,431,771</u>  |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
| Less: Adjustment during the year   | (57,738,426)         | (162,578)          |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |
|  | <u>17,801,305</u>    | <u>58,269,193</u>  |                             |           |                                   |           |  |                  |  |            |            |            |            |                   |                   |  |            |            |            |            |                   |                   |



|  | 2022<br><u>Taka</u> | 2021<br><u>Taka</u> |
|--|---------------------|---------------------|
| <b>18 COST OF GOODS SOLD</b>             |                     |                     |
| Raw material used (Note-18.1)            | -                   | 170,963,910         |
| Direct expenses                          | 21,494,990          | 56,610              |
| Depreciation on plant equipment          | 2,065,792           | 1,032,896           |
|  | <u>23,560,782</u>   | <u>172,053,416</u>  |
| Opening finished goods                   | -                   | -                   |
| Add. Purchase of finished goods          | 87,335,026          | 650,636,390         |
| Currency fluctuation loss                | 19,636,198          | -                   |
|  | <u>130,532,007</u>  | <u>822,689,806</u>  |
| Add: Opening work-in-progress            | 98,057,725          | -                   |
| Less: Closing work-in-progress           | -                   | (98,057,725)        |
| Less: Ending inventory of finished goods | -                   | -                   |
|  | <u>228,589,732</u>  | <u>724,632,081</u>  |
| <b>18.1 Raw Material Used</b>            |                     |                     |
| Opening Raw Material                     | 34,192,782          | -                   |
| Add: Purchase during the year            | -                   | 205,156,692         |
|  | <u>34,192,782</u>   | <u>205,156,692</u>  |
| Less: Closing Raw Material               | (34,192,782)        | (34,192,782)        |
|  | <u>-</u>            | <u>170,963,910</u>  |
| <b>19 ADMINISTRATIVE EXPENSES</b>        |                     |                     |
| Salaries, wages allowances               | 9,987,014           | 9,535,709           |
| Festival bonus                           | 1,047,720           | 430,680             |
| House Rent expenses                      | -                   | 6,723,200           |
| Utility bill                             | 234,271             | 313,509             |
| Fuel                                     | 141,546             | 89,394              |
| Repairs & Maintenance                    | -                   | 336,292             |
| Security services                        | 165,600             | 13,819              |
| Depreciation (Note-19.1 )                | 9,984,138           | 3,078,358           |
| Audit Fees                               | 51,750              | 30,000              |
| Uniform liveries                         | -                   | 58,536              |
| Honorarium                               | 832,960             | 3,437,760           |
| General expense                          | 140,944             | 179,457             |
| Entertainment                            | 48,483              | 373,615             |
| Legal professional fees                  | 191,641             | 498,000             |
| Printing & Stationery                    | 125,067             | 217,689             |
| Postage stamp                            | 19,074              | 15,398              |
| Consumable office                        | 96,429              | 45,933              |
| Advertisement                            | 21,250              | 367,434             |
| Telephone bill                           | 10,890              | -                   |
| Telecommunication                        | 96,000              | 96,000              |
| Local conveyance                         | 23,119              | 19,033              |
| Rent-a-car                               | 959,686             | 481,243             |
| Crockeries cutleries                     | -                   | 7,812               |





|   | 2022<br><u>Taka</u> | 2021<br><u>Taka</u> |
|---|---------------------|---------------------|
| Casual labour                               | -                   | 420                 |
| Licenses renewals fees                      | 20,410              | 74,915              |
| Insurance                                   | 89,575              | 32,573              |
| AGM Expense                                 | 373,888             | -                   |
| Book and Periodical                         | 15,135              | -                   |
|   | <u>24,676,590</u>   | <u>26,456,779</u>   |
| <b>19.1 Depreciation Expenses</b>           |                     |                     |
| Fixed asset                                 | 3,599,440           | 3,078,358           |
| Right of use assets                         | 6,384,698           | -                   |
|   | <u>9,984,138</u>    | <u>3,078,358</u>    |
| <b>20 SELLING AND DISTRIBUTION EXPENSES</b> |                     |                     |
| Transportation                              | -                   | 105,000             |
| Customization center                        | 733,401             | 139,675             |
|   | <u>733,401</u>      | <u>244,675</u>      |
| <b>21 OTHERS INCOME</b>                     |                     |                     |
| Miscellaneous                               | 75,037              | 217,813             |
| Tender sale                                 | 17,000              | 87,172              |
|   | <u>92,037</u>       | <u>304,985</u>      |
| <b>22 INTEREST INCOME</b>                   |                     |                     |
| Fixed deposit interest                      | 5,094,776           | 1,962,775           |
| Bank account interest                       | 1,725,755           | 1,227,410           |
|   | <u>6,820,531</u>    | <u>3,190,185</u>    |
| <b>23 FINANCE EXPENSES</b>                  |                     |                     |
| Interest expense on lease                   | 660,426             | -                   |
| Interest on borrowing & debts               | 431,507             | 9,333,733           |
| Bank charge                                 | 181,380             | 112,016             |
| Bank commission                             | 1,063,857           | 992,555             |
| Commission on corporate guarantee           | 1,774,749           | 2,862,534           |
|   | <u>4,111,919</u>    | <u>13,300,838</u>   |



## 24 RELATED PARTY TRANSACTIONS

The company in the normal course of business has entered into transactions with other entities that fall within the definition of related party contained in IAS-24: Related Party Disclosures. The company believes that the terms of these related party transactions are not significantly different from those that could have been obtained third parties. The significant related party transactions during the year are as follows:

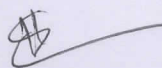
| Name of related party             | Relationship       | Nature of transactions | Opening balance | Addition during the year | Adjustment during the year | Closing balance |
|-----------------------------------|--------------------|------------------------|-----------------|--------------------------|----------------------------|-----------------|
| Rural Power Company Limited       | Parent             | Loan Payable           | 100,000,000     | -                        | (100,000,000)              | -               |
| Shenzhen Star Instrument Co. Ltd. | Associates Company | Accounts Payable       | 634,881,032     | -                        | (481,935,814)              | 152,945,218     |
| Rural Power Company Limited       | Parent             | Accounts Payable       | 17,565,090      | 3,321,511                | -                          | 20,886,601      |

## 25 EVENTS AFTER THE REPORTING PERIOD


- The Board of Directors of the company in its meeting held on 28 November 2022 approved the financial statements of the company for the year ended 30 June 2022 and authorized the same for issue.
- There is no other significant event that has occurred between the Reporting date and the date when the financial statements were authorized for issue by the Board of Directors.



Company  
Secretary



Chief Financial  
Officer



Chief  
Executive  
Officer



Director



Director

Place: Dhaka

Dated: 28 November 2022





**Bangladesh Power Equipment Manufacturing Company Limited**  
**Schedule of Right of Use Assets**

As at 30 June 2022

Amount in Taka

| Particulars                     | Cost                           |                                | Depreciation                |                               |                             | Written Down<br>Value as at<br>30.06.2022 |
|---------------------------------|--------------------------------|--------------------------------|-----------------------------|-------------------------------|-----------------------------|---|
|                                 | Balance as<br>on<br>01.07.2021 | Addition<br>during the<br>year | Balance as on<br>30.06.2022 | Charged<br>during the<br>year | Balance as<br>on 30.06.2022 |   |
| Right of use assets             | -                              | 10,641,163                     | 10,641,163                  | 6,384,698                     | 6,384,698                   | 4,256,465                                 |
| <b>Total as at 30 June 2022</b> | <b>-</b>                       | <b>10,641,163</b>              | <b>10,641,163</b>           | <b>6,384,698</b>              | <b>6,384,698</b>            | <b>4,256,465</b>                          |

