Independent Auditor's Report
With
Financial Statements
Of
Bata Shoe Company (Bangladesh) Limited

Tongi, Gazipur-1710, Bangladesh For the year ended 31st December, 2022



 : House # 15, Road # 12, Block # F, Niketon Gulshan-1, Dhaka-1212, Bangladesh.

Independent Auditor's Report To the shareholders of Bata Shoe Company (Bangladesh) Limited Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bata Shoe Company (Bangladesh) Limited ("the Company"), which comprise the statement of financial position as at December 31, 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 true and fair view, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act, 1994 and other applicable laws and regulations.

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 Bangladesh Securities and Exchange Commission (BSEC) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





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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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter Our response to the risk Carrying value (CV) of Property, plant and equipment (PPE) and its impairment

PPE includes the Company's Noncurrent assets, which flow economic benefits to the entities more than one year. PPE is measured at historical cost except Freehold land, which is carried at revalued amount, being fair values at the date of revaluation. PPE comprises major portion of total assets of the Company, which is amounting to Tk. 889,359,970 for Bata Shoe Company (Bangladesh) Limited at the reporting date.

Apparently, the carrying value of PPE represents significant portion of the Company's assets which is a function of depreciation charges that involved estimation. Therefore, it has been considered as a significant area of auditor's judgment and requires special attention. There is also a risk that the impairment charges may not have been recognized.

We have tested the design and operating effectiveness of key controls over PPE. Our audit procedures included, among others, considering the impairment risk of the assets. Followings are our audit procedures on the carrying value and impairment risk of PPE:

- Reviewed basis of recognition, measurement, and valuation of assets.
- Observed procedures of assets acquisition, depreciation, and disposal.
- Checked the ownership of major assets.
- Checked the Capital-Work-in-Progress (CWIP) and its transfer to PPE.
- Performed physical asset verification at the year-end.
- Critically reviewed the Company's assumptions in relation to recoverable amounts of the major PPE to identify if there is any requirement of recognition of impairment; and
- Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.
- Our testing did not identify any issues with regard to CV of PPE and any





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Key Audit Matter	Our response to the risk				
	indicators that would trigger impairment.				

See note no. 18 & 47 (E) to the financial statements

Revenue Recognition

For the year end the Company reported total revenue of Taka 9,855,149,560 in Note 7.

Revenue is measured net of discounts, incentives, Value Added Tax (VAT) loyalty points earned customers on the Company's sales. The Company makes sales through retail, non-retail sales (NRS), and E-COM channel across the country along with export and sales made during the year is considered a material item due the nature of transaction.

There is also a risk that revenue may be misstated due to fraud, through misstating of price declaration, unrecorded sales, maintaining accrual concept for invoicing, recognition within the Cut-off period, inaccurate sales figure, and unauthorized sales.

We have tested the design and operating effectiveness of key controls focusing on the following areas:

- whether Assessed the revenue recognition policy is appropriate which is in line with IFRS 15 -Revenue from contracts with customers.
- Performed walkthrough understand the adequacy and the design of the revenue cycle.
- Reviewed the monthly reporting from stores and depots and distributors, assessed them for consistency, and checked documentation on sample basis.;
- Obtained supporting documentation for sales transactions recorded at the beginning and end of the year to verify the revenue recognition at the cutoff time.
- Obtained third-party confirmation on a sample basis for trade and other receivables.
- Performed substantive analytical procedures to understand how revenue trends impacted over the year, among other parameters.

Finally, assessed the appropriateness and presentation of disclosures related to relevant accounting standards.

See note no. 7 & 46 (A) to the financial statements



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Key Audit Matter

Our response to the risk

Implementation of IFRS 16 Leases

IFRS 16: Leases modifies the accounting treatment of operating leases at inception, with the recognition of a right of use (ROU) on the leased assets and liability for the lease payments over the lease contract term. With respect to operating leases of premises, in exchange for a lease debt, using an implicit discount rate.

The Company has made all leasing arrangements within the scope of IFRS 16, which have been identified and appropriately included in the calculation and specific assumptions have been applied to determine the discount rates for leases.

We have reviewed the appropriateness of the management's approach for IFRS 16 and its impact on the financial statements.

Our following audit procedure included a test of classification and measurement of right-of-use assets and lease liabilities in accordance with IFRS 16.

- Checked the present value calculation for lease assets and liabilities.
- Reviewed lease agreements and made a calculation to ascertain the appropriateness of the incremental borrowing rate used.
- Examined the accuracy and appropriateness of accounting adjustments in the financial statements as well as verified the adequacy and appropriateness of disclosures in the financial statements.

See Note no. 19, 29 & 47 (K) to the financial statements

Deferred tax Assets

Company reported net deferred tax assets Tk. 271,203,200 as at December 31, 2022. Significant judgment is required about deferred tax assets as it impacts forecast of future profitability over a number of years. There is significant measurement uncertainty involved in this valuation and therefore, it was significant to our audit.

We have carried out the following substantive tests to address the related risk:

- Developed an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of deferred tax assets and deferred tax liabilities and the assumptions used in estimating the future taxable income of the Company.
- Assessed the completeness and accuracy of the data used for the estimations of future taxable income.
- Tested the mathematical accuracy in calculation of deferred tax.
- We assessed key assumptions including carry forward of losses, controls, recognition, and measurement of Deferred Tax Assets.





Member of



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Key Audit Matter	Our response to the risk
	 Assessed the adequacy of the Company's disclosures setting out the basis of deferred tax assets balances and the level of estimation involved. We also reviewed the tax implications, the reasonableness of estimations and calculations determined by management. Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Taxes.

See note no 28 & 47 (D) to the financial statements.

Valuation of Inventories

The Company had inventories of Tk. 3,032,204,800 at 31st December 2022 held in factories and outlets.

Inventories are carried at the lower of cost and net realizable value.

As a result, the Management applies judgement in determining the appropriate values for slow moving or obsolete items.

Since the value of inventory is significant to the financial statements and there is significant measurement uncertainty involved in this valuation, the valuation of inventory was significant to our audit.

We verified the appropriateness of the management's assumptions applied in calculation of the value of the inventory by:

- Evaluated the design and implementation of key inventory controls operating across the factory and outlets.
- Attended inventory counts of outlets, factories, and depots during the month of December and reconciled the count results to the inventory listings to test the completeness of data.
- Evaluated, on a sample basis, whether inventories were stated at the lower of cost and net realizable value at the reporting date by comparing the sales prices of inventories subsequent to the reporting date; and
- Evaluated the adequacy of financial statement disclosure as per IAS-2

See note no 20 & 47 (I) to the financial statements

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Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's 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 the board of directors of the Company. We have nothing to report in this regard.

Responsibilities of Management and 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), the Companies Act, 1994, the Securities and Exchange Rules, 2020 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing 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.





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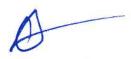
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Auditor's Responsibilities for the Audit of the Financial Statements

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 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 skepticism 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
 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 conclusions are based on the audit





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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.

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules, 2020 and relevant notification issued by Bangladesh Securities and Exchange Commission, 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;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;





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c) the Company's statements of financial position and statement of profit or loss and other comprehensive income along with the annexed notes 1 to 48 dealt with by the report are in agreement with the books of accounts; and

d) the expenditure incurred was for the purposes of the Company's business.

Firm Name

: Hussain Farhad & Co., Chartered Accountants

Registration no

: 4/452/ICAB-84

Signature of the auditor

Name of the auditor:

: A.K.M Fazlul Haque FCA, Partner/Enrollment No: 1090

DVC No

2304171090AS194141

Place

: Dhaka

Date

: 13th April 2023.



Bata Shoe Company (Bangladesh) Limited Statement of financial position

As at 31 December 2022		31 December	31 December
In taka	Note	2022	2021
Assets			
Property, plant and equipment	18	889,359,970	856,281,546
Right-of-use assets	19	1,683,763,012	1,458,678,691
Deferred tax assets	28	271,203,200	468,282,300
Non-current assets		2,844,326,182	2,783,242,537
	20	3,032,204,800	2,773,817,825
Inventories			40,309,098
Trade and other receivables	21	8,816,726	
Advances, deposits and prepayments	22 .	321,377,166	219,704,929
Cash and cash equivalents	23	1,265,057,145	622,781,937
Current assets		4,627,455,837	3,656,613,789
Total assets		7,471,782,019	6,439,856,326
Equity			
Share capital	24	136,800,000	136,800,000
Reserves and surplus	25	110,492,803	110,492,803
Retained earnings	26	3,202,253,125	3,204,583,592
Total equity		3,449,545,928	3,451,876,395
Liabilities	00	4 407 505 070	4 000 000 077
Lease liabilities	29	1,127,565,079	1,062,880,077
Non-current liabilities		1,127,565,079	1,062,880,077
Lease liabilities	29	443,452,648	413,055,396
Trade and other payables	30	1,910,833,299	1,280,267,118
Unclaimed dividend	31	235,461,059	10,973,803
Contract liabilities	32	55,022,042	29,161,950
Current tax liabilities	33	249,901,964	191,641,587
Current liabilities		2,894,671,012	1,925,099,854
Total liabilities		4,022,236,091	2,987,979,931
Total equity and liabilities		7,471,782,019	6,439,856,326
			050.00
Net asset value (NAV) per share	38	252.16	252.33

These Financial Statements should be read in conjuction with annexed notes

Anirban Asit Kumar Ghosh

Managing Director

Elias Ahmed Finance Director K. M. Rezaul Hasanat Director

Md. Hashim Reza Company Secretary and

Hussain Farhad & Co.

Chartered Accountants

Company Secretary and GM - Finance

Place: Dhaka

Dated: 13th April 2023

DVC:

2304171090AS194141



Bata Shoe Company (Bangladesh) Limited Statement of profit or loss and other comprehensive income

For the year ended 31 December			
In taka	Note	2022	2021
		1.5	
Revenue	7	9,855,149,560	7,744,936,100
Cost of sales	8	(5,546,026,877)	(4,926,836,295)
Gross profit		4,309,122,683	2,818,099,805
Other income	9	45,399,099	16,708,703
Operating expenses	10	(3,276,847,114)	(2,653,359,172)
Reversal of impairment loss on trade receivables	21(C)	1,190,019	3,188,700
Operating profit		1,078,864,687	184,638,036
Finance income	11(A)	48,065,436	20,216,528
Finance costs	11(B)	(263,992,930)	(154,053,582)
Net finance costs	11	(215,927,494)	(133,837,054)
Profit before tax and contribution to WPPF		862,937,193	50,800,982
Contribution to WPPF	12	(43,146,860)	(2,540,049)
Profit before tax		819,790,333	48,260,933
Income tax expense	13	(409,679,000)	(116,739,750)
Profit/(loss) for the year		410,111,333	(68,478,817)
Other comprehensive loss, net of tax	14	(22,561,800)	(37,717,700)
Total comprehensive income/(loss)		387,549,533	(106,196,517)
Earnings per share	37	29.98	(5.01)

These Financial Statements should be read in conjuction with annexed notes

Anirban Asit Kumar Ghosh

Managing Director

Elias Ahmed Finance Director Md. Hashim Reza Company Secretary and GM - Finance

K. M. Rezaul Hasanat

Director

Place: Dhaka

Dated: 13th April 2023

DVC:

2304171090AS194141

Hussain Farhad & Co. Chartered Accountants



Bata Shoe Company (Bangladesh) Limited Statement of changes in equity

For the year ended 31 December 2022		Share	Reserve on revaluation	Non- distributable	General	Retained	Tota
In taka	Note	capital	of land	special reserve	Reserve	earnings	equity
Balance at 1 January 2021		136,800,000	60,631,183	998,620	48,863,000	3,447,580,109	3,694,872,912
Total comprehensive income/(loss) for the year							
Profit/(loss) for the year		-			0.50	(68,478,817)	(68,478,817)
Other comprehensive income for the year		<u> </u>	-		-	(37,717,700)	(37,717,700)
Total comprehensive income/(loss) for the year		-	-	2	_	(106, 196, 517)	(106, 196, 517)
Contributions and distributions				20-00-00-00-00-00-00-00-00-00-00-00-00-0			Visit of the second sec
Interim dividends	26	-	-	E=0	-	(102,600,000)	(102,600,000)
Final dividends	26	22		=	-	(34,200,000)	(34,200,000)
Total transactions with owners of the Company			_	-	·-	(136,800,000)	(136,800,000)
Balance at 31 December 2021		136,800,000	60,631,183	998,620	48,863,000	3,204,583,592	3,451,876,395
Balance at 1 January 2022		136,800,000	60,631,183	998,620	48,863,000	3,204,583,592	3,451,876,395
Total comprehensive income/(loss) for the year			V				
Profit/(loss) for the year		-	·	· ·	=	410,111,333	410,111,333
Other comprehensive income/(loss) for the year		-	-		-	(22,561,800)	(22,561,800)
Total comprehensive income/(loss) for the year		-	•	-	-	387,549,533	387,549,533
Contributions and distributions							
Interim dividends	26	-	:=:			(355,680,000)	(355,680,000)
Final dividends	26	-	-			(34,200,000)	(34,200,000)
Total transactions with owners of the Company	/	-	-		-	(389,880,000)	(389,880,000
Balance at 31 December 2022		136,800,000	60,631,183	998,620	48,863,000	3,202,253,125	3,449,545,928

These Financial Statements should be read in conjuction with annexed notes

Anirban Asit Kumar Ghosh

Managing Director

K. M. Rezaul Hasanat

Director

Elias Ahmed Finance Director Md. Hashim Reza

Company Secretary and GM - Finance



Bata Shoe Company (Bangladesh) Limited Statement of cash flows

	1000100-000		9
In taka	Note	2022	2021
			2
Cash flows from operating activities		0 007 024 054	7,884,731,973
Cash receipts from customers		9,887,831,951	
Cash payments to and on behalf of employees		(1,375,890,388)	
Cash payments for defined benefit plan	27	(57,672,000)	(73,920,000)
Cash payments to suppliers and contractors for goods and services		(6,605,383,094)	(4,984,515,501)
Cash generated from operating activities		1,848,886,469	1,500,795,223
Interest received	11(A)	48,065,436	20,216,528
Interest paid		(262,902,559)	(156,883,123)
Income taxes paid		(158,739,623)	(109,730,017)
Net cash from operating activities		1,475,309,723	1,254,398,611
Acquisition of property, plant and equipment Proceeds from sale of property, plant and equipment Net cash used in investing activities		(235,324,797) 5,603,406 (229,721,391)	(69,850,867) 1,315,210
Net cash used in investing activities		1223.121.0011	(68 535 657
			(68,535,657
Cash flows from financing activities			
	29(A)	(435,751,264)	(520,479,109
Cash flows from financing activities	29(A)		
Cash flows from financing activities Payment of lease liabilities (principal portion)	29(A)	(435,751,264)	(520,479,109
Cash flows from financing activities Payment of lease liabilities (principal portion) Dividend paid	29(A)	(435,751,264) (166,471,489)	(520,479,109 (171,350,832
Cash flows from financing activities Payment of lease liabilities (principal portion) Dividend paid Net cash used in financing activities Net increase in cash and cash equivalents	29(A)	(435,751,264) (166,471,489) (602,222,753)	(520,479,109 (171,350,832 (691,829,941
Cash flows from financing activities Payment of lease liabilities (principal portion) Dividend paid Net cash used in financing activities Net increase in cash and cash equivalents Cash and cash equivalents at the beginning	29(A)	(435,751,264) (166,471,489) (602,222,753) 643,365,579	(520,479,109 (171,350,832 (691,829,941 494,033,013
Cash flows from financing activities Payment of lease liabilities (principal portion) Dividend paid Net cash used in financing activities Net increase in cash and cash equivalents	29(A)	(435,751,264) (166,471,489) (602,222,753) 643,365,579 622,781,937	(520,479,109 (171,350,832 (691,829,941 494,033,013 125,919,383

These Financial Statements should be read in conjuction with annexed notes

Anirban Asit Kumar Ghosh

Managing Director

K. M. Rezaul Hasanat

Director

Elias Ahmed

Finance Director

Md. Hashim Reza Company Secretary and GM - Finance



1. Reporting entity

Bata Shoe Company (Bangladesh) Limited (hereinafter referred to as "Bata" or "the Company") is a public company limited by shares. It was incorporated in Bangladesh in 1972 under the Companies Act 1913. The address of the registered office of the Company is situated at Tongi, Gazipur, Bangladesh. The Company is one of the operating companies of worldwide Bata Shoe Organization (BSO) and a subsidiary of Bafin (Nederland) BV in Netherlands holding 70% of the Company's shares. The shares of the Company are listed in both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE).

Pursuant to recent amendment to the Companies Act 1994 incorporating certain 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.

The Company is mainly engaged in manufacturing and marketing of leather, rubber, plastic, canvas footwear, hosiery and accessories items. Manufacturing plants of the Company are situated at Tongi and Dhamrai.

2. Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules, 1987, relevant guidelines issued by the Bangladesh Securities and Exchange Commission, Financial Reporting Act 2015 and other applicable laws in Bangladesh.

The titles and format of these financial statements follow the requirements of IFRSs which are to some extent different from the requirements of the Companies Act 1994 and the Securities and Exchange Rules 1987. However, such differences are not material and in the view of management IFRSs titles and format give better presentation to the shareholders.

These financial statements were authorized for issue by the Board of Directors at its 259th meeting held on 13 April 2023.

Details of the Company's accounting policies, including changes during the year, if any, are included in notes 47.

3. Functional and presentational currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT) which is the Company's functional currency. All amounts have been rounded to the nearest Taka, unless otherwise indicated.

4. Comparatives and rearrangement

Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current financial statements.

To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged or reclassified whenever considered necessary to conform current year's presentation.



5. Use of estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 29: Lease term

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 18: Depreciation on property, plant and equipment

Note 28: Deferred tax assets/liabilities

Note 20: Provision for obsolescence

Note 21: Measurement of allowance for trade receivables

Note 27: Measurement of defined benefit obligations: key actuarial assumptions

Note 30(B): Recognition and measurement of provisions

Note 33: Uncertain tax provisions

Note 41: Recognition and measurement of contingencies



6. Operating segments

See accounting policy in Note 47(N).

A. Basis for segmentation

The Company has two operating segments, Domestic and Unallocated, which are the Company's strategic divisions. They are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Company's management reviews internal management reports at least on a monthly basis. Of these two, only domestic segment is reportable. Domestic segment is mainly engaged in manufacturing and marketing of leather, rubber, plastic and canvas footwear, hosiery and accessories in domestic market. All other segments include export and their associated expenses and other income and expenses.

B. Information about reportable segments

		All other	
2022 (Amount in thousands)	Domestic	segments	Total
Revenue	9,850,566	4,584	9,855,150
Cost of sales	(5,541,858)	(4,169)	(5,546,027)
Gross profit	4,308,708	415	4,309,123
Other income	45,399	-	45,399
Operating expenses	(3,276,571)	(276)	(3,276,847)
Reversal of impairment loss on trade receivables	1,190	-	1,190
Operating profit	1,078,726	139	1,078,865
Finance income	48,065	•	48,065
Finance costs	(263,993)		(263,993)
Net finance costs	(215,927)		(215,927)
Profit before tax and contribution to WPPF	862,798	139	862,937
Contribution to WPPF	(43,147)	0.	(43,147)
Profit before tax	819,651	139	819,790

6. Operating segments (Continued)

B. Information about reportable segments (Continued)

2021 (Amount in thousands)	Domestic	All other segments	Total
Revenue	7,733,563	11,373	7,744,936
Cost of sales	(4,916,755)	(10,081)	(4,926,836)
Gross profit	2,816,808	1,292	2,818,100
Other income	16,709		16,709
Operating expenses	(2,647,480)	(5,879)	(2,653,359)
Reversal of impairment loss on trade receivables	3,188	_ *	3,188
Operating profit/(loss)	189,225	(4,587)	184,638
Finance income	20,217	-	20,217
Finance costs	(143,634)	(10,420)	(154,054)
Net finance costs	(123,417)	(10,420)	(133,837)
Profit/(loss) before tax and contribution to WP	65,808	(15,007)	50,801
Contribution to WPPF	(2,540)		(2,540)
Profit/(loss) before tax	63,268	(15,007)	48,261

C. Reconciliation of information on reportable segments to IFRSs measures

In taka	2022	2021
a) Revenue		
Revenue for reportable segments	9,850,566	7,733,563
Revenue for other segments	4,584	11,373
Total revenue	9,855,150	7,744,936
b) Operating profit		
Operating profit for reportable segments	1,078,726	182,391
Operating profit for other segments	139	12,122
Total operating profit	1,078,865	194,513

D. Segment assets and liabilities

The necessary information regarding assets and liabilities of operating segments are not separable and individually identifiable for this purpose. For this reason the assets and liabilities of the respective segments have not been presented here.

-	D
7.	Revenue

See accounting policy in Note 47(A).

In taka	Note	2022	2021
Local	7(A)	9,850,565,995	7,733,562,986
Export	77 - 17 - 17 - 17 - 17 - 17 - 17 - 17 -	4,583,565	11,373,114
		9,855,149,560	7,744,936,100

A. Disaggregation of local revenue

	Qu	Quantity in pairs			Quantity in pairs		Amount in taka
	2022	2021	2022	2021			
Shoes	19,997,863	18,616,418	9,398,969,986	7,425,359,905			
Hosiery and accessories	*/ **	-	451,596,009	308,203,081			
	19,997,863	18,616,418	9,850,565,995	7,733,562,986			

8. Cost of sales

Materials:			
Opening stock of raw materials		504,325,041	342,176,324
Purchase during the year*		2,465,925,800	2,420,983,788
Cost of raw materials available for use	Harris III II I	2,970,250,841	2,763,160,112
Closing stock of raw materials		(423,694,292)	(504,325,041)
Raw materials consumed	7	2,546,556,549	2,258,835,071
Direct wages		446,910,520	398,915,628
Prime costs		2,993,467,069	2,657,750,699
Manufacturing overheads			
Entertainment		4,743,014	3,540,839
Insurance		7,627,752	9,166,825
Remuneration		190,999,424	205,561,526
Uniform		1,038,364	2,038,875
Stationery		2,201,272	1,999,081
Domestic travelling		9,050,015	6,316,972
Overseas travelling		2,003,911	965,410
Health and welfare		15,536,165	18,594,442
Postage and fax		1,739,620	1,225,047
Repairs and maintenance		47,884,360	39,024,752
Water, gas and electricity		42,550,517	33,489,569
Utilization of obsolescence		26,736,147	(90,508,991)
Depreciation of property, plant and equipment	18(C)	33,681,870	34,633,584
		385,792,431	266,047,931
Total manufacturing cost		3,379,259,500	2,923,798,630
Opening work-in-progress		29,493,864	63,906,846
Closing work-in-progress		(29,905,081)	(29,493,864)
Cost of goods manufactured	1	3,378,848,283	2,958,211,612
Opening stock of finished goods		2,149,489,929	2,495,471,542
Purchase of finished goods during the year		2,532,521,248	1,622,643,070
Cost of finished goods available for sale		8,060,859,460	7,076,326,224
Closing stock of finished goods		(2,514,832,583)	(2,149,489,929)
	W. 100 191 191 191 191 191 191 191 191 191	5,546,026,877	4,926,836,295

Notes to the financial statements (continued)

8. Cost of sales (Continued)

A. Cost of raw materials consumed

December 1	Import	Local purchase	2022
In taka	illiport	purchase	
Opening stock	378,750,906	125,574,135	504,325,041
Purchase*	1,266,811,550	1,199,114,250	2,465,925,800
Closing stock	(105,498,076)	(318,196,216)	(423,694,292)
	1,540,064,380	1,006,492,169	2,546,556,549
% of material sourcing	51%	49%	
		Local	1
In taka	Import	purchase	2021
Opening stock	194,751,753	147,424,570	342,176,323
Purchase*	1,295,961,520	1,130,589,627	2,426,551,147
Closing stock	(378,750,906)	(125,574,135)	(504,325,041)
	1,111,962,367	1,152,440,062	2,264,402,429
% of material sourcing	53%	47%	

^{*}Duty drawback of Taka 138,619 (2021: Taka 353,081) claimed on export sales has been adjusted against cost of raw materials.

B. Production capacity and actual production

In pairs	Tongi	Dhamrai	2022
Production capacity Actual production	16,954,000	3,581,000	20,535,000
	13,444,000	2,951,000	16,395,000
In pairs	Tongi	Dhamrai	2021
Production capacity Actual production	19,402,000	3,581,000	22,983,000
	14,412,000	3,244,000	17,656,000

9. Other income

2022	2021
64,612,596	27,627,405
(26,430,962)	(10,711,708)
7,217,465	(206,994)
45,399,099	16,708,703
	64,612,596 (26,430,962) 7,217,465



Notes to the financial statements (continued)

10. Operating expenses

In taka	Note	2022	2021
Administrative expenses	10(A)	467,882,579	623,916,614
Selling and distribution expenses	10(B)	2,808,964,535	2,029,442,558
Coming and alexanders of participations of parti		3,276,847,114	2,653,359,172
Administrative expenses			
Remuneration		143,777,979	370,287,568
Global Footwear Services fees		143,128,893	132,897,133
Domestic travelling	*	22,084,664	27,541,226
Depreciation of property, plant and equipment	18(C)	22,248,874	21,331,385
General charges	07 O.E.	36,425,097	15,812,890
Rent, rates and taxes		4,827,302	14,101,217
Insurance		6,713,187	6,985,908
Legal and professional fees		4,465,711	6,294,860
Depreciation of right-of-use assets	19(B)	14,576,241	4,584,842
Health and welfare	27. 38	4,799,234	4,113,678
Entertainment		8,477,994	3,947,987
Repairs and maintenance		2,648,925	3,440,558
Stationery		38,596,597	2,778,984
Water, gas and electricity		3,815,625	2,715,884
Subscription and donation		631,534	2,500,934
Postage and fax		2,906,705	1,599,664
Land revenue		923,700	923,700
Bank charges		4,588,630	709,932
Audit fees		805,000	747,500
Overseas travelling		1,287,687	447,764
Directors' fees		153,000	153,000
		467,882,579	623,916,614

10. Operating expenses (continued)B. Selling and distribution expenses

In taka	Note	2022	2021
Remuneration		713,770,196	372,999,192
Depreciation of right-of-use assets	19(B)	558,978,206	540,913,623
Royalties	10(B)(i)	428,186,515	332,441,408
Commission	1 717	176,760,915	144,203,926
Repairs and maintenance		115,775,436	117,367,620
Depreciation of property, plant and equipment	18(C)	92,560,290	101,004,242
Rent, rates and taxes		104,608,953	74,553,869
Freight and transport		105,388,047	73,345,345
Water, gas and electricity		99,512,432	72,616,505
Packing expenses		94,207,226	53,917,446
Selling expenses		215,627,828	39,311,383
Advertisement		7,516,233	33,572,509
Domestic travelling		30,904,941	21,153,831
Health and welfare		11,103,731	10,651,428
Stationery		14,378,085	9,556,609
Postage and fax		7,998,068	7,923,678
Entertainment		15,367,314	7,353,332
Bank charges		13,409,568	15,570,442
Legal and professional fees		1,767,794	663,581
Overseas travelling		1,142,757	322,589
Crorosac transming		2,808,964,535	2,029,442,558
Boyaltian			
Royalties		30,338,053	23,841,878
Royalty on Hush Puppies brand		16,092,077	11,718,104
Royalty on Dr. Scholl brand		3,947,504	1,771,674
Royalty on Ben10 and Powerpuff Girls		377,808,881	295,109,752
Trade mark license fees		428,186,515	332,441,408



Notes to	the	financial	statements	(continued)
MOLES LO	HILL	Illianciai	Statements	(COIICIII GOG)

11.	Net finance costs			11
	See accounting policy in Note 47(B).			
	In taka	Note	2022	2021
	Finance income	11(A)	48,065,436	20,216,528
	Finance costs	11(B)	(263,992,930) (215,927,494)	(154,053,582)
Α.	Finance income		(213,327,434)	(100,007,001)
Λ.	Interest on short term deposits		48,065,436	20,216,528
			48,065,436	20,216,528
В.	Finance costs		*	
	Interest expense on lease liabilities	29	146,500,100	143,633,508
	Interest expense on net defined benefit obligation Net foreign exchange loss	27(A)	7,263,000 110,229,830	6,446,000 3,974,074
	Net foreign exchange loss		263,992,930	154,053,582
12.	Contribution to WPPF			
	See accounting policy in Note 47(C).			
	Profit before tax and contribution to WPPF		862,937,193	50,800,982
	Applicable contribution rate		5%	5% 2,540,049
	Amount of contribution to WPPF		43,146,860	2,540,049

The Company kept 5% provision for Workers Profit Participation Fund (WPPF) on its profit before WPPF at the end of year as per the Labour Act, 2006 (amended in 2015).



Notes to the financial statements (continued)

13. Income tax expense

See accounting policy in Note 47(D).

A. Amounts recognised in profit or loss

a ranounisticog.					
In taka			Note	2022	2021
Current tax expe	ense				*
Current year		100000000000000000000000000000000000000		217,000,000	125,000,000
				217,000,000	125,000,000
Deferred tax exp	pense/(income)				
Current year	31 M		28(A)	192,679,000	(8,260,250)
		120-2507X		192,679,000	(8,260,250)
Income tax expe	ense			409,679,000	116,739,750
3. Reconciliation o	of effective tax rate				
Profit before tax				819,790,333	48,260,933
	applicable tax rate	22.50%	22.50%	184,452,824	10,858,710
	the tax charge for				
- Non-deductible	expense	3.97%	236.51%	32,547,176	114,141,290
	mporary difference	23.50%	-17.12%	192,679,000	(8,260,250)
MICTORIA I		49.97%	241.89%	409,679,000	116,739,750
4. Other comprehe	ensive loss, net of tax				
Remeasurement	of defined benefit liability		27(A)	29,112,000	48,668,000
Related tax cred			V25000 00 \$100 00 00	(6,550,200)	(10,950,300)
Troiding text of the				22,561,800	37,717,700
5. Emoluments to	directors				
Remuneration				29,321,796	28,191,215
Bonus				10,737,516	1,731,800
Retirement bene	fit schemes			1,997,367	1,884,310
Housing	in contained			4,620,000	4,427,200
riodollig			Annual V	46,676,679	36,234,525

Notes to the financial statements (continued)

Emoluments to managers	36	1.54	
In taka	Note	2022	2021
Remuneration		183,910,041	132,395,682
Retirement benefit schemes		24,680,355	21,403,689
Housing		30,862,711	26,225,794
riodoling		239,453,107	180,025,165
Contribution to employees' provident fund and pension			07.000.400
		31 782 824	27 266 499
Provident fund Pension fund	17 <u>(</u> A)	31,782,824 12,825,937	11,371,136
Provident fund			11,371,136
Provident fund		12,825,937	11,371,136
Provident fund Pension fund Provident fund		12,825,937	11,371,136 38,637,635
Provident fund Pension fund Provident fund Managers		12,825,937 44,608,761	27,266,499 11,371,136 38,637,635 10,087,224 10,032,553
Provident fund Pension fund Provident fund		12,825,937 44,608,761 11,853,141	11,371,136 38,637,635 10,087,224

18. Property, plant and equipment See accounting policy in Note 47(E).

A. Reconciliation of carrying amount

Reconciliation of carrying amount					Computer	Furniture, fixture and	N. Carlotte	
	Freehold		Plant and	100100 E115 105	and computer	office	Under	Total
In taka	land	Buildings	machineries	Vehicles	equipments	equipments	construction	Total
Cost							4 500 000	0.000.000.444
Balance as at 1 January 2021	86,057,856	418,841,788	842,648,024	21,072,963	102,429,608	1,210,484,019	1,528,883	2,683,063,141
Additions	-	2,863,844	4,940,700	100	10,284,118	28,056,517	24,891,390	71,036,569
Disposals		353	4		(10,641,955)	(35,181,987)	(1,185,702)	(47,009,644)
Balance as at 31 December 2021	86,057,856	421,705,632	847,588,724	21,072,963	102,071,771	1,203,358,549	25,234,571	2,707,090,066
Balance as at 1 January 2022	86,057,856	421,705,632	847,588,724	21,072,963	102,071,771	1,203,358,549	25,234,571	2,707,090,066
Additions	-	11,143,966	5,351,142	=	17,510,616	158,425,503	21,172,600	213,603,827
Disposals	•	-	=	(5,647,409)	(7,282,541)	(124,797,235)		(137,727,185)
Transfer			23,735,803	<u> </u>	3,331,119	15,826,648	(42,893,570)	
Balance as at 31 December 2022	86,057,856	432,849,598	876,675,669	15,425,554	115,630,965	1,252,813,465	3,513,601	2,782,966,708
Accumulated depreciation		1000						
Balance as at 1 January 2021	2	237,737,137	678,721,269	17,914,037	87,780,946	705,482,945	-	1,727,636,334
Depreciation	#	8,738,394	34,804,535	2,350,811	7,078,259	103,997,212	-	156,969,211
Disposals	_	-	-	2	(10,587,144)	(23,209,881)	-	(33,797,025)
Balance as at 31 December 2021	-	246,475,531	713,525,804	20,264,848	84,272,061	786,270,276	-	1,850,808,520
Balance as at 1 January 2022		246,475,531	713,525,804	20,264,848	84,272,061	786,270,276		1,850,808,520
Depreciation	-	8,841,037	34,004,800	570,435	10,374,782	94,699,980		148,491,034
Disposals	-		-	(5,647,409)	(7,022,557)	(93,022,850)	-	(105,692,816)
Balance as at 31 December 2022	-	255,316,568	747,530,604	15,187,874	87,624,286	787,947,406	•	1,893,606,738
						4 70 00	The state	- 10
Carrying amounts						12.5		
At 1 January 2021	86,057,856	181,104,651	163,926,755	3,158,926	THE R. P. LEWIS CO., LANSING, MICHIGAN, MICHIGAN, Physics, Sci., 50, 100, 100, 100, 100, 100, 100, 100,	505,001,074	The state of the s	955,426,807
At 31 December 2021	86,057,856	175,230,101	134,062,920	808,115	THE RESERVE THE PERSON NAMED IN COLUMN TWO	417,088,273		856,281,546
At 31 December 2022	86,057,856	177,533,030	129,145,065	237,680	28,006,679	464,866,059	3,513,601	889,359,970



18. Property, plant and equipment (continued)

B. Under construction

In taka	Plant and machineries	Computer and computer equipments	Furniture, fixture and office equipments	Total
Cost	macimienes	equipments	equipments	Total
Balance as at 1 January 2021	-	1,528,883	1 4 4 <u>-</u> 1	1,528,883
Additions	5,533,623	3,531,119	15,826,648	24,891,390
Transfer	(1,185,702)		.	(1,185,702)
Balance as at 31 December 2021	4,347,921	5,060,002	15,826,648	25,234,571
Balance as at 1 January 2022	4,347,921	5,060,002	15,826,648	25,234,571
Additions	21,172,600		-	21,172,600
Transfer	(23,735,803)	(3,331,119)	(15,826,648)	(42,893,570)
Balance as at 31 December 2022	1,784,718	1,728,883	-	3,513,601

C. Allocation of depreciation

In taka	Note	2022	2021
Cost of sales	8	33,681,870	34,633,584
Administrative expenses	10(A)	22,248,874	21,331,385
Selling and distribution expenses	10(B)	92,560,290	101,004,242
		148,491,034	156,969,211

D. Disposal of property, plant and equipment

Auction sales to various parties Furniture, Computer and fixture and office computer Vehicles equipments equipments Total In taka 2022 5,647,409 7,084,541 124,797,235 137,529,185 Cost (105,643,315) (6,973,057)(93,022,849) Accumulated depreciation (5,647,409)Written down value 111,484 31,774,386 31,885,870 5,454,906 Sales value 1,479,997 64,951 3,909,958 1,479,997 (46,533)(27,864,428)(26,430,964) Profit/(loss) on disposal 2021 45,823,942 Cost 10,641,955 35,181,987 (33,797,025)Accumulated depreciation (10,587,144)(23,209,881)12,026,917 11,972,106 Written down value 54,811 1,037,728 1,315,210 Sales value 277,482 Profit/(loss) on disposal 222,671 (10,934,378)(10,711,707)



19. Right-of-use assets

See accounting policy in Note 47(K).

A. Reconciliation of carrying amount

In taka	Building and Vehicles	Total
Cost		. *
Balance as at 1 January 2021	2,546,228,55	
Additions	9,246,48	
Modifications	496,259,10	[18] :
Adjustment for remeasurement	(206,994	
Balance as at 31 December 2021	3,051,527,15	0 3,051,527,150
Balance as at 1 January 2022	3,051,527,15	
Additions	643,855,60	
Modifications	162,000,62	4 162,000,624
Adjustment for remeasurement	(7,217,465	(7,217,465
Balance as at 31 December 2022	3,850,165,91	8 3,850,165,918
Accumulated Depreciation		
Balance as at 1 January 2021	1,047,349,99	
Depreciation	545,498,46	5 545,498,468
Balance as at 31 December 2021	1,592,848,45	9 1,592,848,459
Balance as at 1 January 2022	1,592,848,45	9 1,592,848,459
Depreciation	573,554,44	7 573,554,447
Balance as at 31 December 2022	2,166,402,90	6 2,166,402,900
Carrying amounts		
At 1 January 2021	1,498,878,56	5 1,498,878,56
At 31 December 2021	1,458,678,69	1 1,458,678,69
At 31 December 2022	1,683,763,01	2 1,683,763,012
Allocation of depreciation		
In taka	Note 202	22 2021
Administrative expenses	10(A) 14,576,24	4,584,842
Selling and distribution expenses	10(B) 558,978,20	6 540,913,62
	573,554,44	7 545,498,46



Notes to	the	financial	statements	(continued)
			1-5	

	•		-1 7	
20. Inventor	ries ounting policy in Note 47(l).			
See acc	duriting policy in Note 47 (1).			•
In taka			2022	2021
			397,331,563	490,464,218
Raw ma			29,905,081	29,493,864
Work in	1		2,604,968,156	2,253,859,743
Finished	l goods		3,032,204,800	2,773,817,825
1				1
	nd other receivables			
See acc	counting policy in Note 47(G).			
Trade re	eceívables from external parties	21(A)	622,389,323	652,084,214
	eceivables from related parties	34(C)		1,243,332
	eceivables	21(B)	6,149,338	7,893,506
	n for impairment loss on trade receivables	21(C)	(619,721,935)	(620,911,954)
FIOVISIO	in for impairment loss on trade recentables	=-(-)	8,816,726	40,309,098
A Trader	eceivables from external parties			
	customers		·	1,716,858
	ables from dealers		620,569,105	622,033,341
	ables from institutional sale		1,820,218	28,334,015
Keceiva	DIES HOTT ITISHEDIOTES SCHO		622,389,323	652,084,214
B. Other re	eceivables			
VAT cla			406,471	7,861,586
70.00	ce claims		5,742,867	31,920
mouran	oc Granno		6,149,338	7,893,506
C Proviel	on for impairment loss on trade receivables			
	g balance		620,911,954	624,100,654
	on made/(reversed) during the year		(1,190,019)	(3,188,700)
	balance		619,721,935	620,911,954



Notes to the financial statements (continued)

22. Advances, deposits and prepayments

See accounting policy in Note 47(G).

Ìt	n taka	Note	2022	2021
		22(A)	28,546,624	25,527,157
3.6	Advances	22(B)	215,273,846	139,820,505
	Deposits	22(C)	77,556,696	54,357,267
<u> </u>	Prepayments	22(0)	321,377,166	219,704,929
Α. Α	Advances			
2000000	Advance to suppliers		9,335,346	6,985,501
	Advance to employees	22(Å)(i)	19,211,278	18,541,656
<u>-</u>	tarenso to single-year		28,546,624	25,527,157
i. <i>A</i>	Advance paid		46,510,652	45,381,610
	Provision for doubtful debts		(27,299,374)	(26,839,954)
÷	TOVISION TO GOOD WAS A STATE OF THE STATE OF		19,211,278	18,541,656
В. [Deposits			
9	Security and other deposits		215,273,846	139,820,505
			215,273,846	139,820,505
C. F	Prepayments			
	Prepayments to landlords		60,410,180	54,357,267
	Prepaid insurance		17,146,516	-
			77,556,696	54,357,267
23. 0	Cash and cash equivalents			
	See accounting policy in Note 47(G).			
(Cash in hand		185,348	83,343
	Bank balances		1,264,871,797	622,698,594
			1,265,057,145	622,781,937



24. Share capital

In taka	2022	2021
Authorised		
20,000,000 ordinary shares of Taka 10 each	200,000,000	200,000,000
Issued, subscribed and paid up		
2,850,723 ordinary shares of Taka 10 each issued for cash	28,507,230	28,507,230
10,829,277 ordinary shares of Taka 10 each issued for consideration	108,292,770	108,292,770
	136,800,000	136,800,000

A. Ordinary shares

The shares are listed both in the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited and quoted at Taka 952.30 (2021: Taka 966.90) and Taka 920.00 (2021: Taka 955.80) per share at 31 December 2022 and 2021 respectively.

B. Percentage of shareholding

	As at 31 l	December 2022	
,	Face value	Percentage of	
Name of the shareholders	(Taka)	holding	
Bafin (Nederland) B.V	95,760,000	70.00%	
Non-resident shareholders	1,857,390	1.36%	
Local shareholders	39,182,610	28.64%	
	136,800,000	100%	

Name of the shareholders	As at 31 l	December 2021
	Face value (Taka)	Percentage of holding
Bafin (Nederland) B.V	95,760,000	70.00%
Non-resident shareholders	2,159,290	1.58%
Local shareholders	38,880,710	28.42%
	136,800,000	100%

C. Classification of shareholders by holdings

	Number of s	hareholders	Nur	nber of shares
Holdings	2022	2021	2022	2021
Less than 501 shares	4,696	5,515	471,643	557,904
501 to 5,000 shares	251	307	370,544	455,508
5,001 to 10,000 shares	31	30	228,971	226,127
10,001 to 20,000 shares	21	23	307,007	318,094
20,001 to 30,000 shares	4	6	97,664	152,448
30,001 to 40,000 shares	3	5	102,485	173,673
40,001 to 50,000 shares	4	3	185,759	141,575
50,001 to 100,000 shares	12	12	856,929	817,845
100,001 to 1,000,000 shares	8	6	1,482,998	1,260,826
Over 1,000,000 shares	1	1	9,576,000	9,576,000
27. 356. 345. 334. 334. 334. 334. 334. 334. 334	5,031	5,908	13,680,000	13,680,000



25. Reserves and surplus

In taka	2022	2021
Reserve on revaluation of land	60,631,183	60,631,183
Non-distributable special reserve*	998,620	998,620
General reserve	48,863,000	48,863,000
	110,492,803	110,492,803

^{*}This represents 90% of the cumulative post-tax profit in respect of certain categories of income up to 1992 as defined and directed by Bangladesh Bank. Since 1993, the requirement for continuing to create such special reserve is applicable only to the profit on sale of immovable assets such as land, buildings etc.

26. Retained earnings

Closing balance	3,202,253,125	3,204,583,592
Final dividend paid during the year	(34,200,000)	(34,200,000)
Interim dividend paid during the year	(355,680,000)	(102,600,000)
Other comprehensive income/(loss)	(22,561,800)	(37,717,700)
Profit/(loss) for the year	410,111,333	(68,478,817)
Opening balance	3,204,583,592	3,447,580,109



Notes to the financial statements (continued)

27. Employee benefits

See accounting policy in Note 47(C).

In taka	2022	2021
Defined benefit liability	281,132,476	246,194,476
Total defined benefit liability	281,132,476	246,194,476
Defined benefit asset	281,132,476	246,194,476
Total defined benefit asset	281,132,476	246,194,476
Net defined benefit liability/(asset)	<u>-</u>	-

A. Movement in net defined benefit (asset) liability

		Defined benefit obligation			Net defined benefit (asset) liability	
In taka	2022	2021	2022	2021	2022	2021
Opening balance	246,194,476	193,258,896	246,194,476	193,258,896	-	-
Included in Profit and loss						
Current service cost	21,297,000	18,806,000		-	21,297,000	18,806,000
Past service cost	·=	-	(m)	=	# 2 -	.=
Interest cost/(income)	15,734,000	12,892,000	8,471,000	6,446,000	7,263,000	6,446,000
	37,031,000	31,698,000	8,471,000	6,446,000	28,560,000	25,252,000
Included in OCI					KOREAN THE COLLEGE	
Remeasurement actuarial loss/(gain)	22,659,000	43,664,580	(6,453,000)	(5,003,420)	29,112,000	48,668,000
	22,659,000	43,664,580	(6,453,000)	(5,003,420)	29,112,000	48,668,000
Other						
Contribution paid by the employer	-	-	57,672,000	73,920,000	(57,672,000)	(73,920,000)
Curtailments	ŝ. ≡	5. 		÷	-	
Benefits paid	(24,752,000)	(22,427,000)	(24,752,000)	(22,427,000)	As g =	÷ -
Settlements		-		-		<u> </u>
	(24,752,000)	(22,427,000)	32,920,000	51,493,000	(57,672,000)	(73,920,000)
Closing balance	281,132,476	246,194,476	281,132,476	246,194,476	e no ež, kaj mente	-



27. Employee benefits (continued)

The estimated liability for defined benefit (asset) liability has been recorded based on the actuarial valuations for the year ended 31 December 2022 which was performed by Willis Towers Watson India Private Limited, independent actuary, using the Projected Unit Credit method. Prior year amounts were rearranged to present actual comparative amount. The significant assumptions used in the valuations for the year ended 31 December 2022 are as follows:

Particulars	Assumptions
Discount Rate	8.20%
Salary Escalation Rate	Management Employees: 8.5%: Workers: 6%
Mortality Rate	Assumptions regarding future mortality have been used based on published statistics and mortality tables. As there is no published mortality table in Bangladesh and hence the Indian Assured Lives Mortality (2006-08) Ultimate, table based on the mortality experience of assured lives in India will be a reasonable approximation. The current longevities underlying the values of the defined obligations at the reporting date was adopted from Indian Life Mortality table.
Gratuity fund age	60 years: Workers; 58 years: Management Employees



28. Deferred tax assets

See accounting policy in Note 47(D).

In taka	Note	2022	2021
Opening balance		457,332,000	449,071,750
Recognition in profit or loss account	28(A)	(192,679,000)	8,260,250
Closing balance other than OCI		264,653,000	457,332,000
Recognition in OCI		6,550,200	10,950,300
Closing balance including OCI		271,203,200	468,282,300

A. Movement in deferred tax balances

Deferred tax assets have been recognised and measured in accordance with the provision of IAS 12:

	Net	Recognised -		Balance at Deferred	Deferred
	balance	in profit		tax	tax
		or loss	Net	assets	liabilities
In taka	at 1 January	01 1055	ivet	a55€15	nabilities
2022					
Property, plant and equipment	(2,647,000)	2,879,000	232,000	232,000	
Right-of-use assets	(328,203,000)	(50,644,000)	(378,847,000)	198	378,847,000
Lease liabilities	332,085,000	21,394,000	353,479,000	353,479,000	-
Employee benefits		•	1 = 0	12.ES	-
Provision against personal accounts	6,039,000	103,000	6,142,000	6,142,000	100 N
Provision for	139,705,000	(268,000)	139,437,000	139,437,000	=
impairment loss on					
trade receivables					
Unused tax losses	310,353,000	(166,143,000)	144,210,000	144,210,000	•
-	457,332,000	(192,679,000)	264,653,000	643,500,000	378,847,000
	recognised in pr	ofit or loss accou	nt		(6,550,200
	recognised in pr	ofit or loss accou	nt		(6,550,200
Deferred tax income	recognised in pr	ofit or loss accou	nt		(6,550,200
Deferred tax income 2021 Property, plant and	recognised in pr	ofit or loss accou	(2,647,000)	-	(6,550,200 186,128,800 2,647,000
2021 Property, plant and equipment	recognised in pr recognised in O	ofit or loss accou	(2,647,000)	-	(6,550,200 186,128,800 2,647,000
2021 Property, plant and equipment Right-of-use assets	recognised in pr recognised in Or (9,677,818)	ofit or loss accou CI 7,030,818	(2,647,000)	- - 332,085,000	(6,550,200 186,128,800 2,647,000
2021 Property, plant and equipment Right-of-use assets Lease liabilities	recognised in pr recognised in Or (9,677,818) (374,719,641) 382,856,597	7,030,818 46,516,641 (50,771,597)	(2,647,000) (328,203,000) 332,085,000		(6,550,200 186,128,800 2,647,000
2021 Property, plant and equipment Right-of-use assets Lease liabilities Employee benefits	recognised in pr recognised in Oi (9,677,818) (374,719,641)	7,030,818 46,516,641	(2,647,000)	332,085,000 - 6,039,000	(6,550,200 186,128,800 2,647,000
2021 Property, plant and equipment Right-of-use assets Lease liabilities Employee benefits Provision against	recognised in pr recognised in Or (9,677,818) (374,719,641) 382,856,597 - 8,737,970	7,030,818 46,516,641 (50,771,597) (2,698,970)	(2,647,000) (328,203,000) 332,085,000 - 6,039,000	6,039,000	(6,550,200 186,128,800 2,647,000
2021 Property, plant and equipment Right-of-use assets Lease liabilities Employee benefits Provision against personal accounts Provision for	recognised in pr recognised in Or (9,677,818) (374,719,641) 382,856,597	7,030,818 46,516,641 (50,771,597)	(2,647,000) (328,203,000) 332,085,000		(6,550,200 186,128,800 2,647,000
2021 Property, plant and equipment Right-of-use assets Lease liabilities Employee benefits Provision against personal accounts Provision for impairment loss on	recognised in pr recognised in Or (9,677,818) (374,719,641) 382,856,597 - 8,737,970	7,030,818 46,516,641 (50,771,597) (2,698,970)	(2,647,000) (328,203,000) 332,085,000 - 6,039,000	6,039,000	(6,550,200 186,128,800 2,647,000
2021 Property, plant and equipment Right-of-use assets Lease liabilities Employee benefits Provision against personal accounts Provision for impairment loss on trade receivables	recognised in pr recognised in Or (9,677,818) (374,719,641) 382,856,597 - 8,737,970 156,025,163	7,030,818 46,516,641 (50,771,597) (2,698,970) (16,320,163)	(2,647,000) (328,203,000) 332,085,000 - 6,039,000 139,705,000	6,039,000 139,705,000	(6,550,200 186,128,800 2,647,000
2021 Property, plant and equipment Right-of-use assets Lease liabilities Employee benefits Provision against personal accounts Provision for impairment loss on trade receivables	recognised in pr recognised in Or (9,677,818) (374,719,641) 382,856,597 - 8,737,970 156,025,163 285,849,479	7,030,818 46,516,641 (50,771,597) (2,698,970) (16,320,163)	(2,647,000) (328,203,000) 332,085,000 - 6,039,000 139,705,000 310,353,000	6,039,000 139,705,000 310,353,000	(6,550,200 186,128,800 2,647,000 328,203,000
Deferred tax income Deferred tax income 2021 Property, plant and equipment Right-of-use assets Lease liabilities Employee benefits Provision against personal accounts Provision for impairment loss on trade receivables Unused tax losses	recognised in pr recognised in Or (9,677,818) (374,719,641) 382,856,597 - 8,737,970 156,025,163	7,030,818 46,516,641 (50,771,597) (2,698,970) (16,320,163)	(2,647,000) (328,203,000) 332,085,000 - 6,039,000 139,705,000	6,039,000 139,705,000	192,679,000 (6,550,200) 186,128,800 2,647,000 328,203,000
2021 Property, plant and equipment Right-of-use assets Lease liabilities Employee benefits Provision against personal accounts Provision for impairment loss on trade receivables Unused tax losses	recognised in pr recognised in Or (9,677,818) (374,719,641) 382,856,597 8,737,970 156,025,163 285,849,479 449,071,750	7,030,818 46,516,641 (50,771,597) (2,698,970) (16,320,163) 24,503,521 8,260,250	(2,647,000) (328,203,000) 332,085,000 6,039,000 139,705,000 310,353,000 457,332,000	6,039,000 139,705,000 310,353,000	(6,550,200 186,128,800 2,647,000 328,203,000
2021 Property, plant and equipment Right-of-use assets Lease liabilities Employee benefits Provision against personal accounts Provision for impairment loss on trade receivables	recognised in pr recognised in Or (9,677,818) (374,719,641) 382,856,597 8,737,970 156,025,163 285,849,479 449,071,750 recognised in pr	7,030,818 46,516,641 (50,771,597) (2,698,970) (16,320,163) 24,503,521 8,260,250	(2,647,000) (328,203,000) 332,085,000 6,039,000 139,705,000 310,353,000 457,332,000	6,039,000 139,705,000 310,353,000	(6,550,200) 186,128,800 2,647,000 328,203,000

28. Deferred tax assets/(liabilities) (continued)

B. Computation of deferred tax assets:

Deferred ta	x assets	are	arrived	at a	as 1	follows:
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In taka	Carrying amount as at 31 December	Tax base amount as at 31 December	Taxable/ (deductible) temporary difference
	(i)	(ii)	(iii = i - ii)
2022			
Property, plant and equipment	799,759,166	800,788,339	(1,029,000)
Right-of-use assets	1,683,763,012	<u>.</u>	1,683,763,000
Lease liabilities	(1,571,017,727)	<u>.</u>	(1,571,018,000)
Provision against personal accounts	(27,299,374)		(27,299,000)
Provision for impairment loss on trade receivables	(619,721,935)	-	(619,722,000)
Unused tax losses		640,935,162	(640,935,000)
Applicable tax rate			22.5%
			(264,653,000)
Deferred tax income recognised in other comprehens	sive income		(6,550,200)
Deferred tax assets			(271,203,200)
2021			
Property, plant and equipment	744,889,336	733,125,038	11,764,298
Right-of-use assets	1,458,678,692	-	1,458,678,692
Lease liabilities	(1,475,935,473)	343	(1,475,935,473)
Provision against personal accounts	(26,839,954)	*	(26,839,954)
Provision for impairment loss on trade receivables	(620,911,954)	(**)	(620,911,954)
Unused tax losses	-	1,379,348,757	(1,379,348,757)
Applicable tax rate	9		22.5%
			(457,332,000)
	cive income		(10,950,300)
Deferred tax income recognised in other comprehen	sive income		(468,282,300)



29. Lease liabilities

See accounting policy in Note 47(K).

A. Reconciliation of carrying amount

	In taka	Note	2022	2021
	mtaka			
	Opening balance		1,475,935,473	1,531,426,389
	Additions		530,833,518	464,988,193
	Interest on lease liabilities as per IFRS 16	11(B)	146,500,100	143,633,508
	Payment of lease liabilities (principal portion)		(435,751,264)	(520,479,109)
	Payment of lease liabilities (Interest portion)		(146,500,100)	(143,633,508)
	Closing balance		1,571,017,727	1,475,935,473
_	Delevers in the statement of financial position			
В.	Balances in the statement of financial position		1,127,565,079	1,062,880,077
	Non-current		443,452,648	413,055,396
	Current	-		
	Closing balance		1,571,017,727	1,475,935,473
	Maturity analysis			
	6 months or less		243,020,439	213,422,107
	6 - 12 months		200,432,209	199,633,289
	1 - 5 years		852,934,023	788,391,577
	More than 5 years		274,631,056	274,488,500
			1,571,017,727	1,475,935,473
C.				440 000 500
	Interest on lease liabilities as per IFRS 16	11(B)	146,500,100	143,633,508
	Loss/(gain) due to remeasurement of lease liabilities	9	(7,217,465)	206,994
	Depreciation of right-of-use assets as per IFRS 16	19	573,554,447	545,498,465
			712,837,082	689,338,967
	Expenses related to non-lease components as per IFRS 16		109,436,255	88,655,086
	Total expenses recognised in profit or loss as per IFRS 16		822,273,337	777,994,053
n	Amounts recognised in the statement of cash flows			
D.	Payment of lease liabilities (principal portion)		435,751,264	520,479,109
	Payment of lease liabilities (Interest portion)	11(B)	146,500,100	143,633,508
	Payment of lease liabilities (interest portion)	11(0)	582,251,364	664,112,617
	Payment related to non-lease components as per IFRS 16		109,436,255	88,655,086
	Total cash outflows for leases during the year		691,687,619	752,767,703
E.	Disaggregation of total expenses		020 000 007	E77 00E 707
	Rent for commercial space		630,829,007	577,065,707
	Other rent (non commercial space), rate and taxes		96,819,979	114,368,490
	MANUAL TO A CONTROL OF THE PROPERTY OF THE PRO		727,648,986	691,434,197
	Vat on rent for commercial space		94,624,351	86,559,856
			822,273,337	777,994,053



30.	Trade	and	other	payables
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See accounting policy in Note 47(G).

	In taka	Note	2022	2021
	Trade payables to external parties	30(A)	472,241,686	144,341,265
	Trade payables to related parties	,	543,065,600	408,493,753
	Creditors for other finance	30(B)	554,570,645	441,948,519
	Accrued expenses	30(C)	340,955,368	285,483,581
			1,910,833,299	1,280,267,118
A.	Trade payables to external parties	*		
	Creditors for goods		123,275,491	10,740,212
	Creditors for expenses	30(A)(i)	348,966,195	133,601,053
	Croditara rei experiede		472,241,686	144,341,265
i.	Creditors for expenses		9	
	Payable to local suppliers		92,416,571	26,685,853
	Payable to Global Footwear Services		256,549,624	106,915,200
	Tuyusio to closur. Tomas and the control of the con		348,966,195	133,601,053
В.	Creditors for other finance			
	Workers' profit participation fund	12	43,146,860	2,540,049
	Personal accounts of employees and agents		104,839,245	94,707,404
	Security and other deposits		21,242,792	28,102,792
	Tax deducted at source		187,597,911	114,754,567
	Salary and wages payable		92,940,520	85,215,422
	Provident fund		10,808,291	5,759,335
	Others	- 10 Part - 10 P	93,995,026	110,868,950
			554,570,645	441,948,519
C.	Accrued expenses			
	Royalty		50,569,130	59,353,270
	Utility		19,069,434	14,687,800
	Legal and audit fee		2,791,915	3,910,000
	Salary and other benefits		102,901,557	63,911,721
	Joint venture commission		18,682,084	1,891,498
	Rent		95,160,900	84,327,853
	Other accrued liabilities		51,780,348 340,955,368	57,401,439 285,483,581



31. Unclaimed dividend

See accounting policy in Note 47(M).

In taka	Note	2022	2021
Opening balance		10,973,803	45,524,635
Cash dividend declared during the year		389,880,000	136,800,000
Paid during the year		(166,471,489)	(172,027,568)
		234,382,314	10,297,067
Interest accrued during the year		1,078,745	676,736
Closing balance		235,461,059	10,973,803
Aging analysis of unclaimed dividend (excluding interest)			

Closing balance	234,382,314	10,297,067
For the year 2022	229,867,593	
For the year 2021	1,836,880	1,763,140
For the year 2020	509,576	566,448
For the year 2019*	2,168,265	2,283,826
For the year 2018	-	5,683,653

^{*}Final dividend for 2019 was approved at the 48th Annual General Meeting of the Company at 10 September 2020.

32. Contract liabilities

See accounting policy in Note 47(A).

Bata club loyalty points	32(A)	55,022,042	29,161,950
	-	55,022,042	29,161,950

A. Movement of contract liabilities

Opening balance	29,161,950	20,930,809
Points awarded during the year	183,623,458	157,373,270
Points redeemed during the year	(48,928,120)	(46, 365, 338)
Points expired during the year	(108,835,246)	(102,776,791)
Closing balance	55,022,042	29,161,950



33. Current tax liabilities

See accounting policy in Note 47(D).

In taka	Note	2022	2021
Provision for tax	33(A)	398,494,446	322,818,799
Advance income tax	33(B)	(148,592,482)	(131,177,212)
		249,901,964	191,641,587

A. Provision for tax

Opening balance		322,818,799	279,023,206
Provision for the current year	13(A)	217,000,000	125,000,000
Adjustment of provision for tax on completion of assessment		(141,324,353)	(81,204,407)
Closing balance		398,494,446	322,818,799

B. Advance income tax

moonio jour ondos o . Dooring .	Income year ended 31 December 2021Income year ended 31 December 2020	69,444,536 -	37,850,20
4 division at a faction of accessment (141 324 353) (81 204 40	- Income year ended 31 December 2017 and 2018	2,496,630 (141,324,353)	(81,204,407
Adjustment of advance tax on completion of assessment (141,324,353) (81,20		2,496,630 (141,324,353)	(81,20

34. Related parties

A. Parent and ultimate controlling party

Bafin (Nederland) B.V has 70% shareholding of the Company which is fully owned by Compass Limited. As a result, the ultimate controlling party of the Company is Compass Limited.

B. Transactions with key management personnel

In taka	2022	2021
Directors' emoluments	46,676,679	36,234,525
Top managers' emoluments	107,338,180	86,657,637
	154,014,859	122,892,162

C. Other related party transactions

In taka

Nature of	Nature of	Transaction du	iring the year	Balance or	utstanding
relationships	transactions	2022	2021	2022	2021
Company	Dividend	(248,976,000)	(95,760,000)	(224,078,400)	
Associated	Purchase of goods	(195,652,435)	(71,494,657)	-	(14,485,588)
Companies	Service received	(4,616,811)	(2,463,764)	(3,960,828)	(2,040,009)
	Sale of goods	-	3,549,292	-	1,243,332
	Service provided	313,792	-2	-	-
	IT fees	(28,898,985)	-	(21,787,194)	-
	Trade mark license fees	(377,808,881)	(295, 109, 752)	(577,450,067)	(435,520,173)



35. Remittance of foreign currency

Name of	Nature of	Foreign	Foreign o	currency	Local cu	irrency
parties	transactions	currency	2022	2021	2022	2021
Bafin (Nederland)	Dividend	USD	217,658	998,765	21,546,000	86,184,000
B.V.						S 10 .8
Global Footwear	Management	SGD	2	1,108,536	-	70,613,743
Services Pte. Ltd.,	services fees	A STORESON COLO				35 ASSES
Singapore					5. 4	
Wolverine World	Royalty on	USD	372,792	219,484	36,277,394	18,634,816
Wide Inc., USA	Hush Puppies		, , , , , , , , , , , , , , , , , , , ,	_		1
Thuo mo., o or .	Brand				- 1	
Bata Brands S.A	Royalty and	USD	1,368,936		142,542,317	
	business		15			
	development					
	expenses					
Bata Brands S.a.r.I -	Trade Mark	USD	1,280,536	3,472,058	122,918,624	296,165,687
Swiss Branch	License Fees		,,			
OWIGO BIGHOIT	2.001.001			W		
Aurelius Alpha	Royalty and	EUR	148,516	104,809	14,844,082	10,638,069
International	technical know		,			
memananan	how fees on					
	Dr. Scholl					
	Brand					
Aurelius Alpha	Technical	USD	6,915	_	679,039	- 2
International	know how fees		-,		, , , , , , , , , , , , , , , , , , , ,	
Greentern	Business	SGD	9,200	-	624,772	_
Consulting Pte. Ltd.		000	0,200			
Consulting Fite. Ltd.	Bevelopment					
P.T SEPATU Bata	Business	USD	5,027	-	502,920	=
TBK- Indonesia	Development	000	,,,,,			
Pazo Inc.	Business	USD	16,659	_	1,567,097	-
i azo mo.	Development		,		**********	
Bata Thailand	Business	USD	_	84	-	7,138
Data Manana	Development			(2) (1) (1)		\$0.
Bata Shoe	Business	USD		4,543	-	387,208
(Singapore) Pte.	Development					
Ltd.	Bevelopment					
Avado Asia Pacific	Business	USD	_	2,595	₩	219,018
Pte. Ltd.	Development		5.	_,	İ	
Ernst And Young	Business	USD		144	<u>.</u>	12,233
Associates LLP	Development					
Paper Planes	Consultancy	USD	_	11,503	- 1	977,197
Pictures Private	fees	000		, .,,	25	2722.001.005000
Limited	1003				. 1	
Seventh Triangle	Business	USD	2,600	_	259,090	12
Consulting Private	Development		2,000		200,000	
Limited	- Colopinon					
Velocis Systems	Service and	USD	24,031	_	2,475,214	<u> </u>
Private Limited	Maintenance	505	24,001		-, ., -,	
, rivate Limited	Fees				1	
Wills Towers	Fees for	USD	3,200	آ ۔ ا	275,200	-
Watson India	Professional	000] 3,230		2.0,200	
Private Limited	Services		1			
Easy Rewardz PTE		USD	53,863	_	5,581,232	4
Ltd	Development	505	55,555		0,001,202	
LIV	Development		3,509,933	5,922,521	350,092,981	483,839,109

6. Earnings in foreign currency		
In taka	2022	2021
Export of shoes and other footwear goods	4,583,565	11,373,114
7. Earnings per share		
Profit/(losses) attributable to the ordinary shareholders	410,111,333	(68,478,817)
Weighted average number of ordinary shares outstanding	13,680,000	13,680,000
	29.98	(5.01)
8. Net Asset Value (NAV) per share	•	
Net asset value	3,449,545,928	3,451,876,395
Weighted average number of ordinary shares outstanding	13,680,000	13,680,000
	252.16	252.33
9. Net Operating Cash Flow Per Share (NOCFPS)		
Net operating cash flow	1,475,309,723	1,254,398,61
Weighted average number of ordinary shares outstanding	13,680,000	13,680,00
volginod dvologe name, or or or or	107.84	91.7
Reconciliation of net operating cash flows Profit for the year	410,111,333	(68,478,817
Adjustment for:	148,491,034	156,969,21
Depreciation on property, plant and equipment Depreciation on right-of-use assets	573,554,447	545,498,46
Net finance costs	215,927,494	133,837,05
Other income	(44,209,080)	(16,708,70
Tax expenses	409,679,000	116,739,75
Tax expenses	1,303,442,895	936,335,77
Cash generated before changes in working capital Changes in working capital:	1,713,554,228	867,856,96
- Inventories	(258,386,975)	144,244,94
- Trade and other receivables	31,492,372	151,828,58
- Advances, deposits and prepayments	(101,955,582)	274,644,15
- Creditor for goods	112,535,279	(128,583,62
- Creditor for expenses	215,365,142	53,582,31
- Creditor for other finance	112,622,126	89,766,57
- Accrued expenses	55,471,787	113,144,17
- Contract liabilities	25,860,092	8,231,14
Total changes in working capital	193,004,241	706,858,26
Interest Received	48,065,436	20,216,52
Interest paid	(262,902,559)	(156,883,12
Income tax paid	(158,739,623)	(109,730,01
Cash payments for defined benefit plan	(57,672,000)	(73,920,00
Cash payments for defined benefit plan Net cash generated from operating activities	(57,672,000) 1,475,309,723	1,254,398,



40. Financial instruments - Fair values and risk management See accounting policy in Note 47(G).

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

1921						
		Financial assets at	Other financial			
31 December 2022	Note	amortised cost	liabilities	Total		
In taka	Note	amortised cost	nabilities	1 Otal		
Financial assets not measured at fair val	ue					
Trade and other receivables	21	8,816,726	-	8,816,726		
Advances, deposits and prepayments	22	321,377,166		321,377,166		
Cash and cash equivalents	23	1,265,057,145	•	1,265,057,145		
		1,595,251,037	-	1,595,251,037		
Financial liabilities not measured at fair v	/alue					
Lease liabilities	29		(1,571,017,727)	(1,571,017,727)		
Trade and other payables	30	-	(1,910,833,299)	(1,910,833,299)		
		-	(3,481,851,026)	(3,481,851,026)		
31 December 2021						
Financial assets not measured at fair val	ue					
Trade and other receivables	21	40,309,098	-	40,309,098		
Advances, deposits and prepayments	22	219,704,929	-	219,704,929		
Cash and cash equivalents	23	622,781,937	-	622,781,937		
		882,795,964	-	882,795,964		
Financial liabilities not measured at fair	/alue					
Lease liabilities	29	-	(1,475,935,473)	(1,475,935,473)		
Trade and other payables	30	-	(1,280,267,118)	(1,280,267,118)		
			(2,756,202,591)	(2,756,202,591)		

The Company has not disclosed the fair values for financial instruments such as trade and other receivables, cash and cash equivalents, advances, deposits and prepayments, trade and other payables and lease liabilities because their carrying amounts are a reasonable approximation of fair values.



40. Financial instruments - Fair values and risk management (continued)

B. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk (see (B)(ii));
- liquidity risk (see (B)(iii)); and
- market risk (see (B)(iv)).

i. Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and control, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

ii. Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the statement of financial position date was:

In taka	Note	2022	2021
Trade receivables from external parties	21	2,667,388	31,172,260
Deposits	22	215,273,846	139,820,505
Bank balances	23	1,264,871,797	622,698,594
		1,482,813,031	793,691,359
i. Trade and other receivables			
Gross receivables	21	622,389,323	652,084,214
Provision for impairment loss	21	(619,721,935)	(620,911,954)
		2,667,388	31,172,260
Ageing of receivable from customers			
0-30 days		1,439,201	19,424,386
31-90 days		561,074	3,464,807
91-180 days		282,253	7,172,657
181-365 days		523,448	2,220,820
Over 365 days		619,583,347	619,801,544
		622,389,323	652,084,214



- 40. Financial instruments Fair values and risk management (continued)
- B. Financial risk management (continued)
- ii. Credit risk (continued)

Provision for impairment loss on trade receivables

31 December 2022	Expected credit loss rate	Estimated gross carrying amount at default	Expected Credit loss (In taka)
0-30 days	1.56%	1,439,201	22,385
31-90 days	6.94%	561,074	38,939
91-180 days	5.88%	282,253	16,596
181-365 days	11.59%	523,448	60,668
Over 365 days	100.00%	619,583,347	619,583,347
		622,389,323	619,721,935

31 December 2021	Expected credit loss	Estimated gross carrying amount at default	Expected Credit loss (In taka)
0-30 days	1.77%	19,424,386	343,328
31-90 days	10.50%	3,464,807	363,805
91-180 days	9.00%	7,172,657	645,539
181-365 days	17.00%	2,220,820	377,539
Over 365 days	99.90%	619,801,544	619,181,742
		652,084,214	620,911,954

ii. Cash and cash equivalents

Bank balances	23	1,264,871,797	622,698,594
		1,264,871,797	622,698,594

The bank balances of the Company are held with banks which are rated AAA, AA+ and AA by Credit Rating Agency of Bangladesh.

40. Financial instruments - Fair values and risk management (continued)

B. Financial risk management (continued)

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company maintains sufficient cash and cash equivalents to meet expected operational expenses for periods which the Company thinks appropriate. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters. Moreover, the Company may also get support from the parent in the form of shareholder's loan/capital contribution to ensure payment of obligation in the event that there is insufficient cash to make the required payment.

Exposure to liquidity risk

The followings are the remaining contractual maturities of financial liabilities at the reporting date:

				Cont	ractual cash flow	S	
2022	Carrying			6 months	6 - 12	1 - 5	More than
In taka	Note	amount	Total	or less	months	years	5 years
Non-derivative financial liabilities							
Lease liabilities	29	1,571,017,727	1,571,017,727	243,020,439	200,432,209	852,934,023	274,631,056
Trade and other payables	30	1,910,833,299	1,910,833,299	1,345,819,732	242,075,421	114,097,443	208,840,703
		3,481,851,026	3,481,851,026	1,588,840,171	442,507,630	967,031,466	483,471,759

				Cont	ractual cash flow	S	
2021	Carrying			6 months	6 - 12	1 - 5	More than
In taka	Note	amount	Total	or less	months	years	5 years
Non-derivative financial liabilities							
Lease liabilities	29	1,475,935,473	1,475,935,473	213,422,107	199,633,289	788,391,577	274,488,500
Trade and other payables	30	1,280,267,118	1,280,267,118	777,065,961	503,201,157		. <u> </u>
		2,756,202,591	2,756,202,591	990,488,068	702,834,446	788,391,577	274,488,500



40. Financial instruments - Fair values and risk management (continued)

B. Financial risk management (continued)

iv. Market risk

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

Currency risk

The Company is exposed to currency risk on sales and purchases with foreign customers and suppliers including Bata Group (globally) and on royalty payment. Majority of the Company's foreign currency transactions are denominated in USD. The Company maintains USD bank account where all receipts are deposited and all corresponding payments are made.

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

Foreign currency			2022	2021			
denominated assets	USD	SGD	EURO	USD	SGD	EURO	
Trade and other	-		-	34,481	=	1-6	
Bank balances	41,350	-	-	62,165	4	2	
	41,350	-		96,646	-		

Foreign currency denominated liabilities						
Trade and other payables	(5,616,535)	(3,316,933)	(144,948)	(5,449,587)	(1,627,324)	-
Net exposure		(3,316,933)		(5,352,941)	(1,627,324)	-

Payable to other entities represents payable for Global footwear service fees, IT fees etc.

The Company has a foreign exchange loss amounting to Taka 110,229,830 during the year ended 31 December 2022.

The following significant exchange rates are applied during the year:

In taka	Av fo	Reporting date spot rate		
	2022	2021	2022	2021
US Dollar 1	93.78	85.33	102.72	85.85
Euro 1	98.20	100.42	111.02	97.09
Singapore Dollar 1	67.82	64.23	77.53	65.70

- 40. Financial instruments Fair values and risk management (continued)
- B. Financial risk management (continued)
- iv. Market risk (continued)

Foreign exchange rate sensitivity analysis for foreign currency expenditures

A strengthening (weakening) of the Taka, as indicated below, against the USD, Euro and SGD at 31 December would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2022, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

	Profit or loss		Equity	
	Increase	Decrease	Increase	Decrease
At 31 December 2022	9			
USD (1 percent movement)	5,932,518	(5,932,518)	5,932,518	(5,932,518)
Euro (1 percent movement)	178,654	(178,654)	178,654	(178,654)
SGD (1 percent movement)	1,989,029	(1,989,029)	1,989,029	(1,989,029)
At 31 December 2021				
USD (1 percent movement)	4,678,470	(4,678,470)	4,678,470	(4,678,470)
SGD (1 percent movement)	1,069,152	(1,069,152)	1,069,152	(1,069,152)

Interest rate risk

The interest bearing financial instrument for the Company is the short term deposit (STD) account maintained by the Company with its commercial banks. These are highly liquid and very short term deposits with nominal interest rate. Interest rate fluctuation for such investment have little impact on financial statements. Therefore, interest rate risk for the Company is insignificant.

Commodity risk

Commodity risk refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. As the Company purchases MS wire, blended power, calcium carbide and other raw materials, it is exposed to risks arising from the purchase of these materials for use in production. Commodity price risk is managed by supply contracts with suppliers.



41. Contingent liabilities

See accounting policy in Note 47(R).

In taka	2022	2021
Letter of credit:		74 700 700
Eastern Bank Ltd	105,223,907	74,768,766
The Hongkong and Shanghai Banking Corporation Limited	10,129,935	207,286,505
Dutch-Bangla Bank Limited	55,757,969	_
Duron Dungia Bank Emittou	171,111,811	282,055,271
Bank Guarantee: Eastern Bank Ltd	11,769,251	11,769,251
Unresolved disputed tax and VAT cases	762,709,000	598,819,000
CHICOCOTOG GIOPATOG (C. C. C	945,590,062	892,643,522

The Company appealed before the High Court Division of the Supreme Court of Bangladesh against the Tribunal order and other lower courts respectively demanding a net claim of tax liability of Taka 194 million for the assessment years from 2000 to 2011.

The Company filed before the High Court Division of the Supreme Court of Bangladesh and other stages against the Tribunal order and other lower courts respectively demanding a claim of total VAT liability of Taka 568 million for the assessment years from 2001 to 2019.

42. Capital expenditure and financial commitment

There were no capital expenditure commitments as at 31 December 2022 (2021: Nil).

Commitments of the Company is Taka 656,236,648 as on 31 December 2022 (2021: Taka 493,378,590) for purchase of raw materials and finished goods.

43. Numbers of employees

The number of employees engaged for the whole period or part there of who received a total remuneration of Taka 36,000 or more per annum was 1,107 (2021: 1,062).

44. Events after the reporting date

See accounting policy in Note 47(S).

The Board of Directors, at its 259th meeting held on 13 April 2023, proposed Taka 10.50 per share amounting to a total of Taka 143,640,000 as final dividend for the year ended 31 December 2022 which represents 105% of the paid-up capital. This dividend is subject to final approval by the shareholders at the forthcoming Annual General Meeting of the Company. Besides, the Company has already declared and paid an interim dividend of Taka 26 per share amounting to a total of Taka 355,680,000 as interim dividend during the year which represents 260% of the paid-up capital. Thus, both dividends will make a total dividend of 365% of paid up capital which is 36.50 per share amounting to Taka 499,320,000 for the year ended 31 December 2022.



45. Significant deviations

A. Revenue and profit for the year 2022

In 2022, economic condition has improved gradually and so, the economy has experienced normal business trend. As a result, this positive change in the economy has led the business to grow by almost 27% during this year. Aligned with revenue, the cost of sales also increased by almost 13% during this year. Besides, operating expenses also increased by almost 23% due to business growth in this year.

B. Other income for the year 2022

Other income increased significantly compare to last year mainly because of discount arrangements made for early payments to suppliers.

C. Finance income for the year 2022

Finance income increased significantly compare to last year mainly because of interest on bank deposits. Since bank deposits have been high during the year, higher amount of interest was earned.

D. Income tax expense for the year 2022

Income tax expense increased significantly compare to last year mainly because of higher profit than last year and impact of adjusted unused tax losses during the year.

E. Cash and cash equivalents

Cash and cash equivalents increased significantly compare to last year mainly because of revenue growth during the year and also unpaid dividend of parent company and other global fees due to restriction over foreign payments for shortage in foreign currency reserve of Central Bank.

F. Unclaimed dividend

Unclaimed dividend increased significantly compare to last year mainly as dividend of parent company remain unpaid due to restriction over foreign payments for shortage in foreign currency reserve of Central Bank.

G. Contract liability

Contract liability increased significantly compare to last year mainly due to revenue growth and introduction of new promotional points during the year to increase sales.

H. Earning Per Share (EPS)

Earning per share (EPS) increased compare to last year driven by revenue growth, especially due to Eid, school and winter seasonal businesses and other promotional activities.

Net operating cash flow per share (NOCFPS)

Net operating cash flow per share increased compare to last year driven by revenue growth and timely collection of receivables and also restriction over foreign payments for shortage in foreign currency reserve of Central Bank.



46. Basis of measurement

The financial statements have been prepared on the historical cost basis.

47. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

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

- A. Revenue recognition
- B. Finance income and finance expenses
- C. Employee benefits
- D. Income tax
- E. Property, plant and equipment
- F. Foreign currency
- G. Financial instruments
- H. Impairment
- I. Inventories
- J. Provisions
- K. Leases
- L. Earnings per share
- M. Dividend distribution
- N. Segment reporting
- O. Duty drawback
- P. Sales proceeds from wastage and scrap etc.
- Q. Going concern
- R. Contingent liabilities
- S. Events after the reporting period

A. Revenue recognition

Nature

Wholesale

Revenue from sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of discounts, incentives, Value Added Tax (VAT) and loyalty points earned by customers on the Company's sales.

The Company recognizes revenue when a contractual performance obligation is fulfilled by transferring control over the promised goods to a customer provided that collectability of the consideration is probable.

(i) Information about its performance obligations

The Company typically satisfies its performance obligations which are as follows:

When the Company typically satisfies its performance obligations

Retail Upon acceptance and paying for goods by customers at retail stores.

Upon acceptance of goods at depots and/or distribution centers by the

dealers (i.e. point of dispatching from depot and/or distributor's gate).

E-commerce Upon delivery to customers.

Export sales Free on board.

(ii) Obligations in relation to repair or replace

It is the Company's policy to sell its goods to the customers with a right to repair or replace within 30 days. The Company's obligation to replace faulty goods under the warranty period is recognized as provision as per IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

(iii) Bata club loyalty points

The Company operates a loyalty program where retail customers accumulate points for purchases made which entitle them to discount on future purchases. A contract liability for the award points is recognized at the time of the sale. Revenue is recognized when the points are redeemed or when they expire 12 months after the initial sale. A contract liability is recognized until the points are redeemed or expire.

B. Finance income and finance expenses

Finance income comprises interest income on funds invested and recognized in profit or loss. Interest income is recognized on accrual basis.

Finance expense comprises interest expense on overdraft, lease, defined benefit liability and exchange differences. All finance expenses are recognized in profit or loss.



C. Employee benefits

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

i) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(a) Provident fund

The Company maintains three recognized provident funds for its permanent employees categorized as managers, officers and workers. Members, upon confirmation as regular employment of the Company, are required by the Company to join one of the three provident funds as per their "Grade/Designation". The eligible members of these three funds contribute 8% to 10.50% of their basic salary and the Company makes the equal contribution to these funds. Members of these funds become eligible to receive the Company's contribution upon completion of 2 years of continuing services with the Company. These funds are administered by the separate boards of trustees.

The Company recognizes the contribution to the defined contribution plan as an expense when an employee has rendered services in exchange for those contributions. The legal and constructive obligation is limited to this amount and it agrees to the fund contribution.

To pursuant the directive from Financial Reporting Council (FRC), each board of trustees returns the forfeited amounts from the fund to the Company at the year end and the amounts are dully recognized as other income by the Company in profit or loss.

(b) Managerial Staff pension fund

The Company maintains funded managerial staff pension scheme for management employees which is a defined contribution plan. Members, upon confirmation as regular employment of the Company, are required by the Company to join the pension fund in which only members contribute 20% of their basic salary. Members of this scheme become eligible to receive pension upon completion of 10 years of continuing services with the Company. This fund is administered by a separate board of trustees.

ii) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years.



C. Employee benefits (continued)

Gratuity scheme

The gratuity scheme has been converted from unfunded to funded one and applicable to all its employees. The Company contributes to the fund as per Bangladesh Labour Act 2006 amended in 2013 for the eligible employees from the date of joining. The fund is managed by a Board of Trustees. Members of this scheme become eligible to receive gratuity upon completion of 12 months continuing services with the Company. The gratuity scheme is considered as defined benefit plan as it meets the recognition criteria. The company's obligation is to provide the agreed benefits to current and former employees.

The net defined benefit liability or asset in respect of gratuity scheme is recognized in the statement of financial position which is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by a professional actuary. Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service cost by using mutually compatible actuarial assumptions about demographic and financial variables.

Current service cost, past service cost, amortization of past service cost, gain/loss on settlements and curtailments and net interest on the defined benefit liability and asset are recognized in profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the year in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

c) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Workers' Profit Participation Fund (WPPF)

The Company provides 5% of its profit before charging such expense as WPPF in accordance with "The Bangladesh Labour Act 2006 (amended in 2013)".

D. Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Bata qualifies as a "Publicly Traded Company" hence the applicable tax rate is 22.5%.



D. Income tax (continued)

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

E. Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment, excluding land, are measured at cost less accumulated depreciation and accumulated impairment losses. Land is measured at amount revalued in 1979.

Cost includes expenditures that are directly attributable to the acquisition of assets. The cost of self-constructed assets (i.e. show rooms and office and factory buildings) includes the following:

- the cost of materials and direct labour;

- any other cost directly attributable to bringing the asset to a working condition for the intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

ii) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

iii) Depreciation

Items of property, plant and equipment except land are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component.

Addition during the year of property, plant and equipment is depreciated when an asset is available for use, while no depreciation is charged in the month of disposal.



E. Property, plant and equipment (continued)

The estimated useful lives for the current and comparative year of property, plant and equipment are as follows:

	<u>2022</u>	<u>2021</u>
Buildings	40	40
Plant and machineries	13.33	13.33
Vehicles	5	5
Computer and computer equipments	4	4
Furniture, fixtures and office equipment	4 - 13.33	4 - 13.33

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

iv) Under construction

Property, plant and equipment that is being under construction/ acquisition is accounted for as capital work in progress until available for use and measured at cost.

F. Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies on the reporting date are retranslated to the functional currency using the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate on the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate on the date of the transaction.

Foreign currency differences arising on translation are recognized in profit or loss.

G. Financial instruments

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

i) Financial assets

(a) Initial recognition

The Company initially recognizes financial assets in its statements of financial position when the Company becomes a party to the contractual provisions of the instrument.

(b) Derecognition

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

(c) Classification and measurement of financial assets

The classification and measurement of financial assets is based on the basis of both:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial assets.



G. Financial instruments (continued)

i) Financial assets (continued)

Three measurement classifications for financial assets have been established which are amortized cost, fair value through other comprehensive income and fair value through profit and loss. These measurement classifications align with the following three business models available under IFRS 9:

- Hold to collect- Financial assets held with the objective to collect contractual cash flows;
- Hold to collect and sell- Financial assets held with the objective to collect contractual cash flows and sell;
- Other– Financial assets held for trading or assets that do not meet the criteria for either 'Hold to collect' or 'Hold to collect and sell'. Financial assets designated as trading and are held with an objective to sell the assets in the short term.

For purposes of determining the measurement classification, financial assets under the 'Hold to collect' and 'Hold to collect and sell' business model require an assessment to determine whether the cash flows are solely payments of principal and interest (SPPI). Basic lending arrangements with limited volatility in cash flows typically have contractual cash flows that are SPPI; however, other factors should be considered in making this determination, such as whether interest payments provide only a consideration for the passage of time associated with time value of money.

Financial assets under a 'Hold to collect' business model, with contractual cash flows that are SPPI, are classified and measured at amortized cost. Financial assets under a 'Hold to collect and sell' business model, with contractual cash flows that are SPPI, are classified and measured at fair value through other comprehensive income (FVOCI).

Financial assets that have contractual cash flows that are not SPPI, are designated as trading or do not fit the business model criteria for 'Hold to collect' and 'Hold to collect and sell' are measured at fair value through profit and loss (FVTPL).

Based on the above, recognition and measurement relies on amortized cost, fair value through profit or loss and fair value through other comprehensive income.

Financial assets currently being used by the Company are as follows:

(d) Initial measurement

Cash and cash equivalents

Cash and cash equivalents, except cash in hand, comprise of cash balances and all cash deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Trade and other receivables

At initial recognition, the Company measures trade and other receivables at their transaction price.

Security and other deposits

At initial recognition, the Company measures security and other deposits at its fair value plus or minus transaction costs that are directly attributable to the acquisition.



(e) Subsequent measurement of financial assets

The Company classifies its financial assets as subsequently measured at amortized cost.

47. Significant accounting policies (continued)

G. Financial instruments (continued)

ii) Financial liabilities

Financial liabilities are recognized when its contractual obligations arising from past events are certain and settlement of which is expected to result in an outflow of resources embodying economic benefits from the Company.

(a) Initial recognition

The Company initially recognizes financial liabilities in its statements of financial position when the Company becomes a party to the contractual provisions of the instrument.

(b) Derecognition

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

(c) Classification and measurement of financial liabilities

Financial liabilities currently being used by the Company which are creditors for goods, creditors for expenses, creditors for other finance, accrued expenses and lease liabilities which are measured in the following way.

(d) Initial measurement

At initial recognition, the Company measures its financial liabilities at its fair value plus or minus transaction costs that are directly attributable to the acquisition.

(e) Subsequent measurement of financial liabilities

The Company classifies its financial liabilities as subsequently measured at amortized cost.

Trade and other payables

The Company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

H. Impairment

(i) Financial assets

A loss allowance for expected credit loss (ECL) on financial assets has been calculated as permitted by IFRS-9, that are measured at amortized cost. The Company measures loss allowance on financial assets at an amount equal to the lifetime expected credit losses. At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition by comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition considering reasonable and supportable information, that is available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and forward-looking information. Regardless the Company also assesses significant increases in credit risk on trade receivables when contractual payments are past due over 30-60 days which is the maximum period over which the Company is exposed to credit loss.



H. Impairment (continued)

Measurement of expected credit loss

The Company measures expected credit loss of a financial asset which is a probability-weighted amount and determined by considering time value of money using effective interest rate of the financial asset (i.e. the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive discounted at the original effective interest rate). Regardless, the Company recognizes 50% impairment provision on trade receivables when contractual payments from customers are past due over 180 days and recognizes 100% impairment provision on trade receivables when contractual payments from customers are past due over 365 days, on collective basis.

(ii) Non-financial assets

The recoverable amount of an asset is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or Cash Generating Unit (CGU). For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amount of the assets in the CGU on a pro rata basis. However, no impairment losses arose and reported in 2022.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 or amortization, if no impairment loss had been recognized. No such impairment loss arose in 2022 as well.

Inventories

Inventories except raw material in transit are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

During the year 2021, the Company conducted a review of its inventory policy to align with the Group. As per IAS 2, every cost to bring the inventory to its final stage should be included in the inventory valuation. According to the Group policies, freight costs between internal warehouses and retail stores represent an unavoidable part of the supply chain in getting inventories to their present location and condition. Therefore, the Company has decided to include these freight costs in the cost of inventory (e.g. capitalize and recognize as Cost of Sales when sold).



J. Provisions

A provision is recognized if, as a result of past event, the Company has a present legal or constructive obligation that can reliably be estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation.

K. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.



K. Leases (continued)

(ii) Right-of-use assets

From 1 January 2019, IFRS 16 has been adopted and all leasing arrangements except those having less than 12 months of useful life and underlying asset values of less than Taka 425,000 when new, have been capitalized as "right-of-use" asset with a corresponding financial liability on the financial position.

Leased assets are capitalized from the start date of the lease agreement at the present value of the future leased payments, based on the rate of interest entered in the asset master data. Low value (< Taka 425,000) and short term leases (<12months) have been excluded from the recognition requirements and expensed in operating profit as rental costs. Lease reassessment and lease modification to increase/decrease the value of an asset depending on a change in scope of lease agreement can be made if necessary.

The asset is written off on a straight-line basis over the tenure of the lease agreements. Hence, the useful life of any lease assets depends on the number of periods the assets can be used. The useful life of such assets are dependent on individual agreement and can vary from one agreement to another.

The Company recognizes a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liabilities. When a right-of-use asset meets the definition of investment property, it is presented in investment property.

iii) Short-term leases and leases of low-value assets

The Company does not apply the recognition and measurement requirements of IFRS 16 to short-term leases (leases of less than 12 months maximum duration). It also does not apply the recognition and measurement requirements of IFRS 16 to leases for which the underlying assets are low value (i.e. less than Taka 425,000 when new). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

L. Earnings per share

The Company presents its basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any. However, dilution of EPS is not applicable for these financial statements as there was no potential dilutive ordinary shares at the reporting date.



M. Dividend distribution

The Board of Directors has established a dividend policy, which forms the basis for the proposals on dividend payments that it makes to the shareholders taking into consideration the business performance of the Company and its strategic initiatives. The Board believes that it is in the best interest of the Company to draw up a long-term and predictable dividend policy. The objective of the policy is to allow the shareholders to make informed investment decisions. The Board has approved the following dividend policy:

- (i) The Board shall recommend interim/final and cash/stock dividends to the shareholders, which shall be subject to the approval of the shareholders at Annual General Meetings of the Company.
- (ii) The Company may issue bonus share as a part of a stock dividend in any financial year, subject to approval from the board and Company's shareholders at the Annual General Meeting.
- (iii) Dividends shall be paid only out of current profits and/or past profits after providing for depreciation and setting off losses if any subject to the company's business performance and cash availability.

The Company shall aim for as frequent dividend distribution as possible to the consistent growth in dividend pay-out. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

N. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's management to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

O. Duty drawback

Duty drawback claimed on export sales is adjusted against cost of imported raw materials.

P. Sales proceeds from wastage and scrap etc.

Sales of empty drum of chemicals, split leather and other wastage of materials have been adjusted with cost of raw materials consumed.

Q. Going concern

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



R. Contingent liabilities

Contingent liability is a possible obligation that arises from past events, the existence of which 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.

The Company discloses contingent liability in the financial statements. A provision is recognized in the period in which the recognition criteria of provision is met.

S. Events after the reporting period

Events after the reporting period which 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.

48. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

A. Other standards

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)



Bata Shoe Company (Bangladesh) Limited A Statement of Profit or Loss and Other Comprehensive Income by Manufacturing and Trading

For the year ended 31 December				
In taka	Manufacturing	Trading	2022	2021
Revenue	8,779,692,889	1,075,456,671	9,855,149,560	7,744,936,100
Cost of sales	(4,944,363,384)	(601,663,493)	(5,546,026,877)	(4,926,836,295)
Gross profit	3,835,329,505	473,793,178	4,309,122,683	2,818,099,805
Other income	45,399,099	-	45,399,099	16,708,703
Operating expenses	(2,916,533,477)	(360,313,637)	(3,276,847,114)	(2,653,359,172)
Impairment loss/(reversal) on trade				
receivables	1,190,019	-	1,190,019	3,188,700
Operating profit	965,385,146	113,479,541	1,078,864,687	184,638,036
Finance income	42,780,488	5,284,948	48,065,436	20,216,528
Finance costs	(234,966,063)	(29,026,867)	(263,992,930)	(154,053,582)
Net finance costs	(192,185,575)	(23,741,919)	(215,927,494)	(133,837,054)
Profit before tax and contribution	773,199,571	89,737,622	862,937,193	50,800,982
to WPPF				
Contribution to WPPF	(38,403,848)	(4,743,012)	(43,146,860)	(2,540,049)
Profit before tax	734,795,723	84,994,610	819,790,333	48,260,933
Income tax expense	(383,753,453)	(25,925,547)	(409,679,000)	(116,739,750)
Profit for the year	351,042,270	59,069,063	410,111,333	(68,478,817)
Other comprehensive loss, net of tax	(20,081,058)	(2,480,742)	(22,561,800)	(37,717,700)
Total comprehensive income/(loss)	330,961,212	56,588,321	387,549,533	(106,196,517)

Anirban Asit Kumar Ghosh Managing Director

> Elias Ahmed Finance Director

K. M. Rezaul Hasanat Director

Annexure-1

Md. Hashim Reza Company Secretary and GM - Finance