



এম, জেড, ইসলাম এন্ড কোং
M. Z. ISLAM & CO.
Chartered Accountants



An International Affiliated Member Firm of MGM Accountants Pty Ltd. Australia.

R. N. SPINNING MILLS LIMITED.

For the period ended October 31, 2023

**Audit Report and
Audited Financial Statement**

Of

R. N. SPINNING MILLS LIMITED.
For the period ended October 31, 2023

Auditors



MZ Islam & Co.
Chartered Accountants



*An International Affiliated Member Firm of
MGM Accountants Pty Ltd. Australia*

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Independent Auditors' Report

To the Shareholders of

R. N. Spinning Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **R. N. Spinning Mills Limited**, which comprise the Statement of Financial Position as at October 31, 2023; Statement of Profit or Loss and Other Comprehensive Income; Statement of Changes in Equity and Statement of Cash Flows for the four-month period then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information disclosed in notes 1 to 36 and Annexure- A.

In our opinion, except for the effect of the matters described in the basis for Qualified Opinion section of our report, the accompanying financial statements presents fairly in all material respects the financial position of the company as at June 30, 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange rules 1987 and other applicable laws and regulations.

Basis for Qualified Opinion

1. Property, Plant & Equipment under Note-3 of the Financial Statements represents amount of Taka 447,092,771 as cost value. A fire incident occurred on 8 April 2019 total reported loss amount to Taka 6,123,281,989, at that period inventories were damaged amount to Taka 1,475,022,287 and property, plant & equipment carrying amount was damaged amount to Taka 4,648,259,702. On the other hand, the Company's fired assets and inventories were covered by Union Insurance Company Limited amount of Taka 1,324,606,136. The Company reported that amount of recoverable insurance benefits yet to be finalized by the insurance company surveyor and relevant concerned authority for determination of loss and benefits wherefrom is still pending till date. Though the insurance company has paid Taka 19,000,000 up to October 31, 2023 which is described in financial statements note-17.02 as advance received from Union Insurance Company Limited which will be adjusted during final settlement. The whole process has already elapsed for more than (04) four years since 8 April 2019, the date of fire incident, and it seems that uncertain time existed for recovery of the coverage in the company. No legal steps have been taken by the company to expedite the recovery process. A fire incident occurred on 8 April 2019, then the production of the factory has been shut down till date which is described in financial statements note-17.02 though impairment has not been performed as per IAS 36.
2. Refundable Deposit (IPO) under Note-19 of the Financial Statements amount to Taka 805,312 yet not distributed as per Directive no. BSEC/CMRRCD/2021-386/03, dated 14 January 2021 of BSEC and the Bangladesh Securities & Exchange Commission (Capital Market Stabilization Fund) Rules, 2021, accounts to "Capital Market Stabilization Fund (CMSF)".

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



Emphasis of Matter:

We draw attention on the matters disclosed as below:

1. We draw attention to Note-2.35 of the financial statements that Amalgamation/merger of Samin Food & Beverage Industries, and Textile Mills Ltd. with R.N. Spinning Mills Ltd. has been approved by the High Court Division of the Supreme Court of Bangladesh as on 5 January 2023. The company has received BSEC consent vide Ref no. BSEC/LSD/CM-2022/992/1415, dated-1 October 2023 for completion of amalgamation process by following the High Court Order and provisions of securities related laws, rules, regulations and The Companies Act 1994 as well as other laws in force in Bangladesh accordingly amalgamation has been made on October 31, 2023.
2. R. N. Spinning Mills Limited didn't maintain Employee Benefit plans, which include the Contributory Provident Fund, Gratuity and Workers Profit Participation Fund (WPPF) by the applicable provision.

Material Uncertainty Related to Going Concern

We draw attention to Note-12 of the financial statements where negative Retained Earnings represent amount BDT. 4,543,516,575 and negative operating cash flows represent amount to BDT. 3,8812,56 We further note that the company's gross profit for the year 2022 and 2023 is negative amounting BDT. 36,550,833 And BDT. 31,467,252 respectively. We also note that commercial production of the company remains shut down since the fire incident occurred on 8 April 2019. However, the company's Net Assets Value (NAV) per share is 0.05 Earning per share (EPS) is .02 and Net Operating Cash Flow (NOCF) per share is .01 are negative. Therefore, Amalgamation/Merger of Samin Food & Beverage Inds. And Textile Mills Ltd. with R.N. Spinning Mills Ltd. has been approved by the High Court Division of the Supreme Court of Bangladesh as on January 05, 2023. The Company has received BSEC consent vide Ref no. BSEC/LSD/CM-2022/992/1415, dated-1 October 2023 for completion of amalgamation process by following the High Court Order and provisions of securities related laws, rules, regulations and The Companies Act 1994 as well as other laws in force in Bangladesh.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the four-month period ended on October 31, 2023. These matters were addressed in the context of the audit of the financial statements as a whole and in forming the auditors' opinion thereon and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of our financial statements, the results of our audit procedures, including the procedures performed to address the matters below;





Key Audit Matters	How our audit addressed the key audit matters
<p>Revenue</p> <p>At year end the company reported total revenue amount to BDT. 0</p> <p>The company generates revenue from sale of goods to export customers. The timing of the revenue recognized and realized increases the risk of exposure of revenue to foreign exchange fluctuations.</p> <p>There is also a risk that revenue may be overstated/understated due to the timing differences between L/C opening and goods exported.</p> <p>We identified revenue recognition as a key audit matter as it is one of the key audit performance indicators of the company which give risk to an inherent risk of the existence and accuracy of the revenue and in the year revenue found zero.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Segregation of duties in invoice creation and modification and timing of revenue recognition; • Assessing the appropriateness of the company's compliance of those policies with applicable accounting standards; • Critically assessing revenue to identify unusual or irregular items, and finally assessed the appropriateness and presentation of disclosures against relevant accounting standards are maintained. <p style="text-align: right;">See Note No.21 for details.</p>
<p>Insurance Claim against fire loss:</p> <p>The insurance claim receivable or received was identified as a key audit matter due to the significance of this matter in the company</p> <p>Significant judgement is required in relation to the value determination of insurance claim to be received against fire loss, the recoverable amount from the insurance company as it is dependent on recoverability on the finalization of assessment and report.</p>	<p>Our audit included the following in terms of insurance claim:</p> <ul style="list-style-type: none"> • We have reviewed the status of insurance claim and informed that no insurance benefits yet received because the survey report from the insurance company is still awaiting but the company has claimed against loss; • We have reviewed the status of assessment by Union Insurance Company Limited who have insured the assets of the company, consulted with the management team, those charged with governance and staffs personnel with documentations and we were informed that value of insurance coverage was amount to BDT. 1,324,606,136 only before fire incident. No assessment report has been found and could not identify the estimation yet about the recoverable amount from the insurance company as on the date of authorization of the financial statements. <p style="text-align: right;">See note number 2.33, 27 for details</p>





Property, Plant and Equipment:

Property, plant and equipment (PPE) was recognized at carrying value aggregating to **BDT 300,915,126** representing over **83.6%** of total assets of the company on October 31, 2023.

Since PPE comprised a significant portion of the company's total assets, it also involves management judgement to determine estimated useful lives to charge depreciation. Besides, PPE is also subject to impairment when any possible indicators exist warranting their impairment review.

See **note - 3.00** to the financial statements

- Our audit procedures performed during the audit to address the risks identified consist of the following:
- Obtaining and documenting detailed understanding regarding procurement process of PPE and identified relevant control points and their implementation.
- Reviewing recognition, measurement and valuation basis of PPE in compliance with requirement of IAS 16: Property, plant and equipment.
- Performing test of details against sampled population with supporting evidence as maintained by the company in test the accuracy, valuation of capitalized amount and ownership of the assets.

Assessing the appropriateness and presentation of disclosures notes to the financial statements with the requirement of IAS 16 and other relevant IFRSs.

Short Term Loan & Advance:

In the financial statements the company reported Short Term Loans & advance of **BDT 320,573,296** at the reporting date. This element was considered as key audit matter because this external form of credit facilities availed by the company require fulfillment of several terms and conditions as mentioned in loan sanction letter issued by the bank. Hence, there is potential risk that not all such terms and conditions are adequately disclosed in the financial statements.

See note no 18.00 to the financial statements.

Our substantive audit procedures adopted during the audit includes the following test or details.

- Inspecting relevant board minutes in support of bank loans sanctioned and reported during the year in the financial statements.
- Testing the accuracy and completeness of outstanding amount carried at the reporting date with loans statements, amortization schedule and corresponding sanction letter from the bank.
- Testing the existence of outstanding balances with confirmation letter issued against the said loans by the company.
- Recalculating and testing accuracy and completeness of finance costs recognized during the year with loan statements provided by banks.

Assessing the adequacy and appropriateness of disclosures made by the company for the loans availed in accordance with relevant IFRS.



Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. 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 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance 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 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 1987 and relevant notifications issues by Bangladesh Securities and Exchange Commission, we also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts, as records and other statutory books as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) The statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts;
- d) The expenditure incurred was for the purposes of the Company's business.

The engagement partner of the audit resulting in this independent auditors' report is Mohammad Fakhru Alam Patwary, FCA

Place: Dhaka
Dated: February 11, 2024




Mohammad Fakhru Alam Patwary FCA
Enrollment No: 1249
Managing Partner
M.Z. Islam & Co.
Chartered Accountants
DVC: 2402111249AO510678

R. N. SPINNING MILLS LIMITED
Statement of Financial Position
As at 31 October 2023

Particulars	Notes	Amount in Taka	
		31 October 2023	30 June 2023
ASSETS			
Non-Current Assets		324,797,054	329,640,790
Property, Plant & Equipment	3.00	300,915,126	305,758,862
Security Deposits	4.00	23,881,928	23,881,928
Current Assets		35,032,504	33,275,293
Inventories	5.00	-	-
Bills Receivables	6.00	-	-
Advances, Deposits and Prepayments	7.00	520,982	403,478
Cash and Cash Equivalents	8.00	33,706,210	32,066,503
STD Account (IPO)	9.00	805,312	805,312
Total Assets		359,829,558	362,916,083
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and Reserves		(18,302,745)	(9,641,589)
Ordinary Shares	10.00	3,925,448,340	3,925,448,340
Share Premium	11.00	599,780,490	599,780,490
Retained Earnings	12.00	(4,543,531,575)	(4,534,870,419)
Non-Current Liabilities		50,355,816	51,082,452
Lease Liability	13.00	40,677,792	41,404,428
Deferred Tax	14.00	9,678,024	9,678,024
Current Liabilities		327,776,487	321,475,220
Creditors and Accrues	15.00	5,759,165	5,805,334
Bills Payables	16.00	-	-
Short Term Loan & Advances	17.00	320,573,296	314,387,575
Income Tax Payable	18.00	638,714	476,999
Refundable Deposit (IPO)	19.00	805,312	805,312
Total Shareholders' Equity & Liabilities		359,829,558	362,916,083
Net Asset Value (NAV) Per Share	20.00	(0.05)	(0.02)

The annexed notes form an integral part of these financial statements

 Chairman
  Managing Director
  Director
  Company Secretary
  Chief Financial Officer

Signed as per our annexed report on even date.


 Mohammad Fakhru Alam Patwary FCA
 ICAB Enrollment No.1249
 Managing Partner
 M.Z. Islam & Co.
 Chartered Accountants
 DVC: 2402111249AO510678

Place: Dhaka
Dated: February 11, 2024



R. N. SPINNING MILLS LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 October 2023

Particulars	Notes	Amount in Taka	
		July, 01, 2023 to October, 01, 2023	July, 01, 2022 to October, 01, 2022
Revenue	21.00	-	-
Less: Cost of Goods Sold	22.00	-	-
Gross Profit/(Loss)		-	-
Less: Operating Expenses	23.00	7,674,561	8,956,531
Operating Income/(Loss)		(7,674,561)	(8,956,531)
Less: Other Operating Expenses		112,455	108,004
Welfare Expenses		112,455	108,004
Net Operating Income/(Loss)		(7,787,016)	(9,064,535)
Less: Financial Expenses	24.00	1,299,946	1,339,238
Add/(Less): Foreign Exchange Gain/(loss)	25.00	-	-
Net Operating Profit/(Loss)		(9,086,962)	(10,403,773)
Add: Other Income/(loss)	26.00	587,521	578,180
Net Profit/(Loss) Before Tax		(8,499,441)	(9,825,593)
Provision for Taxation	27.00	161,715	159,000
Current Tax		161,715	159,000
Deferred Tax		-	-
Profit/(Loss) After Tax		(8,661,156)	(9,984,593)
Earnings Per Share (EPS)	29.00	(0.02)	(0.03)

The annexed notes form an integral part of these financial statements


Chairman


Managing Director


Director


Company Secretary


Chief Financial Officer

Signed as per our annexed report on even date.

Place: Dhaka
Dated: February 11, 2024



Mohammad Fakhru Alam Patwary FCA
ICAB Enrollment No.1249
 Managing Partner
M.Z. Islam & Co.
 Chartered Accountants
DVC: 2402111249AO510678

R. N. SPINNING MILLS LIMITED
Statement of Changes in Equity
For the period ended October 31, 2023

(Amount in Taka)

Particulars	Ordinary Share Capital	Share Premium	Retained Earnings	Total Equity
As at 01 July 2023	3,925,448,340	599,780,490	(4,534,870,419)	(9,641,589)
Addition during the period	-	-	(8,661,156)	(8,661,156)
As at October 31, 2023	3,925,448,340	599,780,490	(4,543,531,575)	(18,302,745)

R. N. SPINNING MILLS LIMITED
Statement of Changes in Equity
For the period ended October 31, 2022

(Amount in Taka)

Particulars	Ordinary Share Capital	Share Premium	Retained Earnings	Total Equity
As at 01 July 2022	3,925,448,340	599,780,490	(4,503,403,168)	21,825,662
Addition during the period	-	-	(9,984,593)	(9,984,593)
As at October 31, 2022	3,925,448,340	599,780,490	(4,513,387,761)	11,841,069

The annexed notes form an integral part of these financial statements


 Chairman


 Managing Director


 Director


 Chief Financial Officer


 Company Secretary

Signed as per our annexed report on even date.

Place: Dhaka

Dated: February 11, 2024



R. N. SPINNING MILLS LIMITED
Statement of Cash Flows
For the period ended October 31, 2023

Particulars	Amount In Taka	
	July, 01, 2023 to October, 31, 2023	July, 01, 2022 to October, 31, 2022
A. Cash Flows from Operating Activities		
Collection from customers and others	-	14,854,280
Collection from Other Income	587,521	1,265,474
Payment for Operating Expenses	(3,056,376)	(25,369,266)
Payment for Other Operating Activities	(112,455)	(108,004)
Payment for Financial Expenses	(1,299,946)	(4,372,125)
Net Cash Flows from Operating Activities	(3,881,256)	(13,729,641)
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	-	-
Net Cash Flows from Investing Activities	-	-
C. Cash Flows from Financing Activities		
Increase / (Decrease) in Short Term Loan & advances	6,185,721	(9,673,656)
Payment of Lease liability	(664,758)	(752,816)
Net Cash Flows from Financing Activities	5,520,963	(10,426,472)
Increase/(Decrease) Cash and Cash Equivalents (A+B+C)	1,639,707	(24,156,114)
Opening Cash and Cash equivalents	32,066,503	62,098,299
Foreign Exchange Gain/(Loss)	-	-
Closing Cash and Cash Equivalents (D+E+F)	33,706,210	37,942,185
Net operating cash flow per share (Note-30.00)	(0.01)	(0.03)

The annexed notes form an integral part of these financial statements



Managing Director



Director



Company Secretary



Chief Financial Officer

Signed as per our annexed report on even date.

Dhaka

February 11, 2024



R. N. SPINNING MILLS LIMITED
Notes to the Financial Statements
For the year ended October 31, 2023

1.00 The Company and its operations

1.01 Legal form of the Company

The Company was incorporated on November 4, 2004 as a 'Private' Limited Company by shares registered under the Companies Act 1994 vide certificate of incorporation No.C-54808 (1493)/04. The company was converted to 'Public' Limited Company on February 20, 2007 and started commercial production on August 28, 2007.

1.02 Address of the Registered and Corporate office

The registered office is located at M.L Tower, 1 East Rampura, DIT Road, Dhaka 1000, Bangladesh.

The Corporate office of the company is located at House # 11, (5th Floor), Unit # 5B, Road # 12, Block # F, Niketon, Gulshan-1, Dhaka-1212, Bangladesh.

1.03 Nature of Business activities

The principal activities of the Company are to carry on the business of Textile Spinning Mills to produce 100% Synthetic Yarn / Acrylic Yarn and Cotton Yarn for 100% export oriented Dyeing / Textiles industries and export thereof.

1.04 Capital Structure of the Company

Particulars	Taka
Authorized Capital 500,000,000 ordinary shares of Taka 10/= each.	5,000,000,000
Issued, subscribed, called-up and paid-up capital (before amalgamation) 392,544,834 Ordinary Shares of Tk 10/= each fully paid-up	3,925,448,340

Shareholding of R. N. Spinning Mills Limited as detailed shown in note # 10.02.

1.05 Production Unit

Production unit of the company is situated at Cumilla Export Processing Zone, Cumilla. The production unit has been destroyed by fire incident dated on 8 April, 2019. Due to amalgamation with Samin food & Beverage Ind. & Textile Mills Ltd, the Production plant will be located at bhabanipur, Gazipur,

2.00 Summary of significant accounting policies

2.01 Basis of preparation and presentation of the financial statements

The financial statements have been prepared and the disclosures of information made in accordance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987 and International Accounting Standard (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), International Financial Reporting Standard (IFRS) as far as applicable for the company. The Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income have been prepared according to IAS 1 Presentation of Financial Statements based on accrual basis of Accounting following going concern assumption and Statement of cash flows according to IAS – 7: Statements of Cash flows.

2.02 Regulatory Compliances

As required by the company, the management complies with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:
 The Income Tax Ordinance 1984;



The Income Tax Rules 1984;
The Income Tax Act 2023;
The Value Added Tax and Supplementary Duty Act 2012;
The Value Added Tax and Supplementary Duty Act Rules 2016;
The Customs Act, 1969;
Bangladesh Labor Law, 2006 (Amended);
The Securities and Exchange Rules, 1987 and
Bangladesh EPZ related rules and regulations.

2.03 Components of the Financial Statements

According to the International Accounting Standards (IAS)-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components.

- i. Statement of financial position as at October 31, 2023;
- ii. Statement of profit or loss and other comprehensive income for the year ended October 31, 2023;
- iii. Statement of changes in equity for the year ended October 31, 2023;
- iv. Statement of cash flows for the year ended October 31, 2023; and
- v. Notes, summary of significant accounting policies and other explanatory information for the year ended October 31, 2023.

2.04 Accounting convention and assumption

The financial statements are prepared under historical cost convention and on accrual basis.

2.05 Principal Accounting Policies

The specific accounting policies have been selected and applied by the company's management for significant transactions and events that have a material effect within the Framework for the preparation and presentation of Financial Statements. Financial Statements have been prepared and presented in compliance with applicable IFRS & IAS. Previous year's figures were re-arranged for comparisons. There were no significant changes in the accounting policies and valuation policies affecting the financial position and performance of the Company. However, changes made to the presentation are explained in the note for each respective item.

Accounting and valuation methods are disclosed for reasons of clarity. The company classified the expenses using the function of expenses method as per IAS -1.

2.06 IAS and IFRS Adopted by the Management

The following IAS and IFRS are applicable and adopted by management for preparation of financial statements for the period ended October 31, 2023.

IASs:

- | | | |
|-----|----|---|
| IAS | 1 | Presentation of Financial Statements |
| IAS | 2 | Inventories |
| IAS | 7 | Statement of Cash Flows |
| IAS | 8 | Accounting policies, Changes in Accounting Estimates and Errors |
| IAS | 10 | Events after the Reporting Period |
| IAS | 12 | Income Taxes |
| IAS | 16 | Property, Plant and Equipment |
| IAS | 19 | Employee Benefits |
| IAS | 21 | The Effects of Changes in Foreign Exchange Rates |
| IAS | 23 | Borrowing Costs |
| IAS | 24 | Related Party Disclosures |
| IAS | 26 | Accounting and Reporting by Retirement Benefit Plans |

IAS	28	Investment in Associates and Joint Ventures
IAS	33	Earnings per Share (EPS)
IAS	36	Impairment of Assets
IAS	37	Provisions, Contingent liabilities and Contingent Assets

IFRSs:

IFRS	7	Financial Instruments: Disclosures
IFRS	8	Operating Segments
IFRS	9	Financial Instruments
IFRS	15	Revenue from Contracts with Customers
IFRS	16	Leases

2.07 Property, Plant and Equipment

Tangible fixed assets are accounted for according to IAS -16 Property, Plant and Equipment at Historical cost less accumulated depreciation and the Capital work-in-progress is stated at cost. Both tangible and intangible assets are depreciated/ amortized according to the Written Down Value method.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized as non-operating income and reflected in the Statement of Profit or Loss and Other Comprehensive Income.

2.08 Depreciation of Fixed Assets

Depreciation is provided on written down value method except Leasehold Land and Land Development (Comilla EPZ).

Depreciation is provided on Leasehold Land Development (Comilla EPZ) on straight-line method at which the asset is carried on the cost in the books of account over the lease term of 30 years.

Depreciation has been charged on additions respective to the date available for use.

The depreciation / amortization rate(s) are as follows:

Category of fixed assets	Rate %
Leasehold Land Development (Comilla EPZ)	3.33
Buildings – on leasehold land	2.50
Plant & Machinery	10
Humidification Plant (HAVC)	10
Generator	10
Fork Lift	10
Electrical Installation	10
Boiler	10
Transformer	10
Air Compressor	10
Vehicles	10
Water and Gas Installation	10
Chiller Plant	10
Mixture Machine	20
Office equipment	10
Furniture, fixtures & fittings	10
By-Cycle	20
Cookeries	20
ROU Assets (Leasehold Land)	(on straight line on the basis of leased tenure)

2.08.1 Accelerated Depreciation Allowance

The Company entitled to Accelerated depreciation vide order Ref: no. # 269-L/86, dated July 01, 1986 on capital machinery as per section 10 of the Bangladesh Export Processing Zones Authority Act 1980 (XXXVI of 1980), have been charged to the extent of hundred percent of the historical cost of the plant & machinery within the tax exemption period.

2.09 Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value in compliance with the requirements of Para 21 and 25 of IAS - 2.

Category of inventory		Basis of valuation
Raw & packing materials including w-i-p	:	Moving average (Weighted) Cost
Finished Goods at Factory	:	At lower of cost or estimated net realizable value
At warehouses	:	At cost
Stores Items	:	At cost
Materials in-transit	:	Book value i.e. cost so far incurred

Cost comprises of the value of materials and all other distributable direct labor & production overheads including depreciation.

Recognition of Inventory loss:

As per Para 34 of IAS 2 when inventories are sold, the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

2.10 Bills Receivable

Bills Receivable is carried at invoice amount without making any provision for doubtful debts, because of the fact that sales / exports are being based on 100% confirmed letter of credit basis with fixed maturity dates by L/C opening bank.

2.11 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, cash at banks, term deposits etc. which are available for use by the company without any restrictions. There is an insignificant risk of change in value of the same.

2.12 Foreign Currency Transaction

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date in accordance with IAS 21 (the Effects of changes in Foreign Exchange Rates). Foreign currency transactions translated at the financial position date are charged/credited to the statement of Profit or Loss and Other Comprehensive Income whenever arise.

2.13 Creditors and Accrued Expenses

2.13.1 Trade and Other Payables

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

2.13.2 Provision

The preparation of financial statements in conformity with International Accounting Standards (IAS) - 37 Provisions, Contingent Liabilities and Contingent Assets requires management to make estimates and assumption that affect the reported amounts of revenues and expenses, assets and liabilities, and the disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

In accordance with the guidelines as prescribed by IAS - 37 provisions were recognized in the following situations:

- When the Company has a present obligation as a result of past event;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

An appropriate level with regard to an adequate provision for risks and uncertainties has been shown in the Statement of Financial Position. An amount recorded as a provision represents the best estimate of the probable expenditure required to fulfill the current obligation on the date of Statement of Financial Position.

2.14 Employee Benefits

2.14.1 Employees' Provident Fund

The company had established and maintained Contributory Provident Fund in compliance to the requirement of Provident Fund Act 1925 and BEPZA rules. The organization was administrated by the 6 members' board of trustee of which 3 members are nominated from employer's side and remaining 3 members fulfilled from the representative from Workers Welfare Association. All members of trustee hold their position for three years. The member of the trustee board within the limit of the policy had together hold absolute measure to take any decision for the implementation of the provident fund. Company, after the fire incident ceased its production, operation discontinued, settled all the obligations as per the constitution of the fund under the supervision of EPZ's authority that were related to the fund while terminating the respective workers and staffs and thereafter contribution to the Provident Fund have been ceased. The fund will be further established and maintained after restart of operation.

2.14.2 Workers Welfare Fund

The Company has been participating in establishing worker's welfare fund since February 01, 2013 in compliance to the requirement of BEPZA rules. The management of the fund is maintained by BEPZA according to the rules & guidelines imposed under the style of 'Constitution and Operation Procedure of EPZ Worker's Welfare Fund 2012'.

2.15 Taxation:

i) Current Tax

R.N Spinning Mills Limited situated in Comilla export processing zone. As per income tax regulation for EPZ Ref. # IRD SRO No. 289-Law/89, dated 19 August 1989, all industries operating in the export processing zone of Bangladesh have been exempted from payment of income tax for a period of 10 years from the date an industry goes into commercial production and accordingly the Company enjoyed benefit of tax exemption as on the financial year ended 30th June 2017. Taxes on business income have been charged @ 15.00% as per Income Tax Ordinance 1984 and Income Tax Act 2023. Tax on other operating income @ 27.50%. Current tax on business income has been charged.

ii) Deferred Tax

Deferred tax is recognized in compliance with IAS 12: Income Taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and 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 reverse, 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 to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences 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.

2.16 Contingent Liabilities and Assets

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets are disclosed in the notes to the financial statements.

2.17 Revenue

In compliance with the requirements of IFRS 15 Revenue from contracts with customers, Entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized only when following steps match with a transaction;

- a) Identification of the contract(s) with a customer;
- b) Identification of the performance obligation in a contract;
- c) Determine the transaction price;
- d) Allocate the transaction price to the performance obligations in the contract;
- e) Recognition revenue when (or as) the entity satisfies a performance obligation by transferring control over goods or services to a customer;

2.18 Borrowing Costs

In compliance with the requirements of IAS-23 Borrowing Costs, borrowing costs of operational period on short term loan and overdraft facilities was charged off as revenue expenditure as they incurred.

2.19 Leased Assets

The company has 2 lease arrangements for 30 years with Bangladesh Export Processing Zone Authority (BEPZA) for industrial plot # 100-107 & 127-134 in Cumilla EPZ. The total area is 32,000 Sq. meter.

In the context of the application of IFRS 16, right-of-use assets and lease liabilities have been recognized in the reporting year. In addition, the Company has decided not to apply the new guidance to leases whose term will end within twelve months of the date of initial application and leases of low-valued assets. The asset is written off on a straight-line basis over the rest tenure of the lease agreements starting from 1 July, 2019. 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 is dependent on individual agreement and can vary from one agreement to another. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In calculating the present value of lease payments, the company uses incremental borrowing rate which is at present @ 9% at the date of application of IFRS 16 because the interest rate implicit in the lease is not readily determinable.

2.19.1 Measurement of lease payments

In the reporting year, depreciation, interest expenses, impairment losses etc. recognized as expense in the income statement as per requirement of IFRS 16.

2.20 Intangible Assets

In compliance with the requirements of IAS - 38, Intangible Assets, are usually absorbed as revenue charges as and when incurred, as being not that material in the company's and / or local context.

2.21 Repairs, upkeep and maintenance charges

These are usually charged out as revenue expenditure in the period in which it is incurred.

2.22 Bad and doubtful debts

No provision made for bad and doubtful debts because sales / export are based on 100% confirm letter of credit with fixed maturity date by L/C opening by bank.

Advertising and promotional expenses

All costs associated with advertising and promotional activities are charged in the period they were incurred.

Statement of cash flows

Statement of Cash Flows is prepared principally in accordance with IAS-7 Statements of Cash Flows and the cash flows from operating activities have been presented under direct method as required by the Securities and Exchange Rules 1987 and considering the provisions that 'Enterprises are Encouraged to Report Cash Flows from Operating Activities using the Direct Method'. Reconciliation of Cash flows from operating activities under indirect method have been presented in the notes to the accounts.

2.25 Earnings Per Share

The Management calculates Earnings per Share (EPS) in accordance with IAS - 33, Earnings per share, which has been shown on the face of Statement of Profit or Loss and Other Comprehensive Income; the same has been calculated dividing surplus available for ordinary shareholders by weighted average number of ordinary shares outstanding at the end of the period (note- 29.00).

2.25.1 Basic Earnings Per Shares

This represents earnings for the period attributable to the ordinary shareholders. As there was no minority interest or extra ordinary items, the net profit after tax for the period has been considered as fully attributable to ordinary shareholders.

2.25.2 Weighted Average Number of Ordinary Shares Outstanding

Computations of weighted average number of ordinary shares has been shown in note no. 29.01.

2.26 Net Asset Value (NAV)

The net asset value (NAV) represents the net value of an entity and is calculated as the total value of the entity's assets minus the total value of its liabilities has been shown in note no. 20.00. Formula-

$$\text{NAV} = (\text{Assets} - \text{Liabilities}) / \text{Total number of outstanding shares}$$

2.27 Related Party Disclosure

The company carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The information as required by IAS 24: Related Party Disclosures has been disclosed in a separate note (note no: 33.00) to the accounts.

2.28 Segment Reporting

No segmental reporting is applicable for the company as required by "IFRS 08: Operating Segments" as the company operates in a single industry segment and within as geographical segment.

2.29 Proposed Dividend

The Board of Directors has recommended no dividend for the year ended 30 June, 2023. The dividend decision is subject to final approval by the shareholders at the forthcoming annual general meeting of the company.

2.30 Reporting period

The financial period of the Company covers the period from July 01, 2023 to 30 October 31, 2023 consistently.

2.31 Presentation Currency

The annexed financial statements are presented in Bangladeshi currency (Taka), which have been rounded off to the nearest Taka.

2.32 Fire Incident at Company's factory and shut down of production:

A massive fire incident has occurred on 8th April, 2019 at the factory of R.N. Spinning Mills Ltd. at Comilla EPZ. Company's factory including building and other constructions, raw materials and finished yarns in the factory, plant and machineries etc. whereof were damaged by the fire incident. Company's production has been shut down since the date of the fire incident. Assessment result from the insurance company yet to waiting for finalized and the claim receivable has not been fixed that to be recovered from the insurance company as on the date of authorization of the financial statements.

2.33 Insurance coverage, insurance benefit and recognition of fire loss:

Company's factory including building, generator, plant-machineries and Equipment, Raw materials & Finished Goods inventory are coverage by Union Insurance Company Limited. The fire incident incurred on 8th April, 2019 of which inspection and survey from concerned authorities have been completed and the Company has been waiting for final survey report. Insurance benefits from the insurance company as on the date of authorization of the financial statements still been unsettled. The subsequent status and financial event will be recognized and reflected in the relevant financial statements as and when the respective report and result will be available. Total insurance cover was Tk. 1,324,606,136

As per BEPZA rule and requirement of insurance authority, Company has no authority to carry out valuation by independent valuer, thus the company had to wait for the report from valuation specialist appointed by BEPZA and insurance authority and from the insurance company and accordingly financial statements for relevant period been presented reflecting the results of valuation.

2.34 Events after the reporting period

Amounts recognized in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events, if any, are disclosed in the financial statements.

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.

2.35 Amalgamation/Merger of Samin Food & Beverage Indus. and Textile Mills Ltd. with R.N. Spinning Mills Ltd.:

Amalgamation/merger of Samin Food & Beverage Indus. and Textile Mills Ltd. with R.N. Spinning Mills Ltd. has been decided by the company board. The Shareholders and the Creditors of the Company, R.N. Spinning Mills Ltd., has accepted the decision of amalgamation/merger in the EGM and the Creditors Meeting held on 21 April 2022. The EGM and the Creditors Meeting has been conducted as per the order of the Honorable High Court Division of the Supreme Court of Bangladesh. Regulatory body finally given consent to amalgamate the above mention company as per scheme. As a result, two company has been amalgamated on the date of 31st October 2023.

2.36 Reason of Significant deviation

Due to post fire operational activities, shut down of factory, worldwide impact of COVID-19 pandemic, the company some faces difficulties in continue its operation by resumption of factory, as well as staff and worker's termination benefit has settled, financial expenses creating the loss which collectively impacted by declining revenue and sustainability of the company business. Therefore, NAV, EPS, NOCFPS, revenue, other operational results and performance have been adversely affected.

2.37 Comparative Information

Comparative figures have been re-arranged where considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.



	Particulars	Amount in Taka	
		31 October 2023	30 June 2023
4.00	Property, Plant & Equipment		
	A. At Cost		
	Opening balance	447,092,771	447,092,771
	Add: Addition during the period	-	-
	Less: Disposal (fire damaged) during the period	-	-
	Closing balance	447,092,771	447,092,771
	B. Accumulated depreciation:		
	Opening balance	141,333,909	126,342,050
	Add: Charge during the period	4,843,736	14,991,859
	Total depreciation charges	146,177,645	141,333,909
	Written down value as on 31 October (A-B)	300,915,126	305,758,862

Details shown in Annexure-A

4.30	Security Deposits		
	Land Leases at BEPZA, Plot # 100-107	1,032,827	1,032,827
	Land Leases at BEPZA, Plot # 127-134	1,039,302	1,039,302
	Flat Rent of BEPZA Flat # A-2/8 & B-2/2	124,415	124,415
	Bakhrabad Gas System Ltd. (BGSL)- Gas line	13,189,852	13,189,852
	Bakhrabad Gas System Ltd. (BGSL)- Gas line	139,932	139,932
	Electricity	8,355,600	8,355,600
	Closing balance	23,881,928	23,881,928

5.00	Inventories		
	Raw Materials	-	-
	Work in process	-	-
	Packing Materials	-	-
	Finished goods	-	-
	Store items	-	-
	Closing balance	-	-

Raw Materials: It consists of import value and local expenses incurred upto warehouse. Inventory system maintained on FIFO basis.

Work-in-Process: It consists of cost of raw materials only.

Finished Goods: It includes the cost incurred upto cost of goods available for sale.

Store Items: It consists of the total cost of spare parts, loose tools and consumable items.

6.00	Bills Receivables		
	Opening balance	-	-
	Add: Revenue during the period	-	-
	Less: Realized during the period	-	-
	Closing balance	-	-

The above is the amount of receivable against export bills as on 31 October, 2023. This was considered as good & realizable and was secured by export letter of credit duly accepted by L/C opening bank.

Notes	Particulars	Amount in Taka	
		31 October 2023	30 June 2023
	Aging Schedule		
	Receivables due over six months	-	-
	Receivables due below six months	-	-
	Closing balance	<u>-</u>	<u>-</u>

This was considered as fully secured and guaranteed payment based on 100% confirm export letter of credit with fixed maturity date by L/C opening bank against export order. Therefore, this was good & realizable as per the terms of export letter of credit. The classification of receivables as required by the Schedule XI of the Companies Act, 1994 are given below:

Particulars	Amount in Taka	
	31 October 2023	30 June 2023
i. Receivables considered good and in respect of which the company is fully secured.	-	-
ii. Receivables considered good for which the company holds no security other than the debtor's personal security.	-	-
iii. Receivables considered doubtful or bad	-	-
iv. Receivables due by directors or other officers of the company or any of them either severally or jointly with any other person or receivables due by firms or private companies respectively in which any director is a partner or a director or a member.	-	-
v. Receivables due by companies under same management.	-	-
vi. The maximum amount due by directors or other officers of the company at any time during the year.	-	-
Total	<u>-</u>	<u>-</u>

7.00 Advances, Deposits & Prepayments

Sundry Advances	7.01	-	-
Advance Income Tax	7.02	520,982	403,478
Closing balance		<u>520,982</u>	<u>403,478</u>



Notes	Particulars	Amount in Taka	
		31 October 2023	30 June 2023
7.01	Sundry Advances		
	Advance against factory	-	-
	Closing balance	<u>-</u>	<u>-</u>
7.02	Advance Income Tax		
	Opening Balance	403,478	514,047
	Add: Tax deduction at source - Interest Income	117,504	311,708
	Total Advance Income Tax	<u>520,982</u>	<u>825,755</u>
	Less: Adjustment during the year	-	422,277
	Closing Balance	<u>520,982</u>	<u>403,478</u>
8.00	Cash and Cash Equivalents		
	Cash in hand	897,548	529,400
	Cash at Bank - SIBL	52,597	52,597
	Cash at Bank - Jamuna Bank (CD)	651,431	2,406
	Cash at Bank - Jamuna Bank, Foreign Exchange Branch (Convertible A/C)	80,732	79,264
	Cash at Bank - SBACBL, Principal Branch (CD)	149,051	149,051
	Cash at Bank-SBACBL, Principal Branch	2,829,314	2,728,267
	Cash at Bank - SBACBL, Principal Branch (SND)	45,228	45,228
	Cash at Bank - SBACBL, Principal Branch	34,213	34,213
	Cash at Bank - Woori Bank (CD A/C)	54	54
	Cash at Bank - Woori Bank (Convertible A/C)	106	104
	Cash at Bank - Islami Bank Bangladesh Ltd	69,945	19,945
	FDR-0002242047734- SBACBL, Principal Branch	4,734,591	4,622,974
	FDR-0002244007845-SBACBL, Principal Branch	10,545,000	10,545,000
	FDR-0002244007854-SBACBL, Principal Branch	6,861,000	6,861,000
	FDR-0002244007881-SBACBL, Principal Branch	6,755,400	6,397,000
	Closing Balance	<u>33,706,210</u>	<u>32,066,503</u>



Notes	Particulars	Amount in Taka	
		31 October 2023	30 June 2023
10.00	STD Account (IPO)		
	Balance as at 31.10.2023	805,312	805,312
	Closing Balance	805,312	805,312

The balance shown in the following bank accounts of The City Bank Ltd., Principal Office, Dhaka:

A/C: 5121113482001 (USD)	764,162	764,162
A/C: 5121113482002 (GBP)	41,150	41,150
Closing Balance	805,312	805,312

N.B.; As per Directive no. BSEC/CMRRCD/2021-386/03, dated 14 January 2021 of BSEC and the Bangladesh Securities & Exchange Commission (Capital Market Stabilization Fund) Rules, 2021, Company (the issuer) is about to pay the full amount including due interest available in the bank accounts to "Capital Market Stabilization Fund (CMSF)". However, the company has already transferred an amount of BDT. 3,139,516.68 (including due interest) to Capital Market Stabilization Fund (CMSF) on 14.10.2021 that was held as at in the BDT account -3101113482001.

10.00 Share Capital

10.01 Authorized Capital

50,00,00,000 ordinary shares of Taka 10/= each.	5,000,000,000	5,000,000,000
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10.02 Issued, subscribed, called-up and paid-up capital

392,544,834 Ordinary Shares of Tk 10/= each fully paid-up	3,925,448,340	3,925,448,340
Closing Balance	3,925,448,340	3,925,448,340

The shareholding position of the company are as under:

Name	No. of shares	Percentage (%)	Amount
Al-Haj Mustafizur Rahman	31,937	0.01%	319,370
Md. Abdul Kader Faruk	7,854,256	2.00%	78,542,560
Abdul Quayum Mamun	987,135	0.25%	9,871,350
Mrs. Shirin Faruk	58,227,840	14.83%	582,278,400
M.L. Dyeing Limited	34,589,966	8.81%	345,899,660
F & S Industries Limited	16,073,000	4.09%	160,730,000
General Shareholders	274,780,700	70.00%	2,747,807,000
Total	392,544,834	100.00%	3,925,448,340

Notes	Particulars	Amount in Taka	
		31 October 2023	30 June 2023
10.03	Paid up Capital		
	- Paid up Capital at the beginning of the year	3,925,448,340	3,925,448,340
	Add : Addition during the period	-	-
	Closing Balance	3,925,448,340	3,925,448,340
11.00	Share Premium		
	Opening Balance	599,780,490	599,780,490
	Less: Transfer to capital reserve	-	-
	Closing Balance	599,780,490	599,780,490
12.00	Retained Earnings		
	Opening balance	(4,534,870,419)	(4,503,403,167)
	Add: Current year profit/(loss)	(8,661,156)	(31,467,252)
	Closing Balance	(4,543,531,575)	(4,534,870,419)
13.00	Lease Liability		
	Lease liability	42,790,728	43,455,486
	Less: Short term lease liability	2,112,936	2,051,058
	Closing Balance	40,677,792	41,404,428
14.00	Deferred Tax		
	Opening balance	9,678,024	7,966,535
	Add: Current year charged 27.02	-	1,711,489
	Closing Balance	9,678,024	9,678,024
15.00	Creditors and Accrued		
	Gas Bill	-	-
	Electricity Bill	31,348	26,416
	Water Bill	4,622	3,909
	Medical subscription -BEPZA	28,305	27,795
	Worker Welfare fund	11,100	10,900
	Salary & Wages	263,854	293,256
	Director Remuneration & Fees	50,000	-
	Audit & Professional Fees	115,000	250,000
	Subscription & Fees	3,142,000	3,142,000
	Lease Liability	2,112,936	2,051,058
	Closing Balance	5,759,165	5,805,334
16.00	Bills Payables		
	Bills Payables	-	-
	Closing Balance	-	-

Notes	Particulars	Amount in Taka	
		31 October 2023	30 June 2023
17.00	Short Term Loan & advances		
	Short Term Loan (Secured)		-
	Short Term Loan (Unsecured) 17.01	301,573,296	295,387,575
	Advances 17.02	19,000,000	19,000,000
	Closing Balance	320,573,296	314,387,575
17.01	Short Term Loan (Unsecured)		
	The Liabilities has been made by loan taken as follows:		
	Rahman & Nesa Hospital and Research Center Ltd.	145,888,000	145,888,000
	Samin Food and Beverage Ind. & Textile Mills Ltd.	77,705,296	71,519,575
	F & S Industries Limited	77,980,000	77,980,000
	Closing Balance	301,573,296	295,387,575
17.02	Advances		
	Received in advance from Union Insurance Co. Ltd. (adjustable with final of insurance claim for fire loss)	19,000,000	19,000,000
	Closing Balance	19,000,000	19,000,000
18.00	Income Tax Payable		
	Income Tax Payable -Opening	476,999	422,277
	Add: Charge for the period	161,715	476,999
		638,714	899,276
	Less: Adjustment during the period	-	422,277
	Closing Balance	638,714	476,999
19.00	Refundable Deposits (IPO)		
	Balance as at 31.10.2023	805,312	805,312
	Closing Balance	805,312	805,312
	N.B.; As per Directive no. BSEC/CMRRCD/2021-386/03, dated 14 January 2021 of BSEC and the Bangladesh Securities & Exchange Commission (Capital Market Stabilization Fund) Rules, 2021, Company (the issuer) is about to pay the full amount including due interest available in the bank accounts to "Capital Market Stabilization Fund (CMSF)". Total balance in the bank accounts including due interest as on 30.06.2021 have been shown in note 9.00.		
20.00	Net Asset Value Per Share (NAV)		
	A. Net Asset Value	(18,302,745)	(9,641,589)
	B. Number of Ordinary Share Outstanding	392,544,834	392,544,834
	Net Asset Value Per Share (A/B)	-0.05	-0.02



Notes	Particulars	Amount in Taka	
		31 October 2023	30 June 2023
21.00 Sales			
	Revenue from Export	-	-
	Closing balance	-	-
22.00 Cost of goods sold			
	This is made up as follows:		
	Raw materials consumed	-	-
	Add: Packing Materials consumed	-	-
		-	-
	Work in process- opening	-	-
	Less: Work in process- closing	-	-
	Change in work in process	-	-
	Total consumption	-	-
	Add: Manufacturing Overhead	-	-
	Add: Depreciation (Annexure-A)	-	-
	Cost of production	-	-
	Finished goods - opening	-	-
	Less: Finished goods - closing	-	-
	Change of finished goods stock	-	-
	Closing balance	-	-
23.00 Operating Expenses			
	This has been arrived as under;		
	Warehouse, Distribution & Selling Exp. 23.01	17,438	17,990
	Add: Administrative Expenses 23.02	7,657,123	8,938,541
	Closing balance	7,674,561	8,956,531
23.01 Warehouse, Distribution & Selling Exp.			
	This has been arrived as under;		
	Depreciation (Annexure-A)	17,438	17,990
	Closing balance	17,438	17,990



Notes	Particulars	Amount in Taka	
		31 October 2023	30 June 2023
23.02	Administrative Expenses		
	This has been arrived as under;		
	Salary & Welfare	560,000	585,906
	Advertising Expenses	55,639	50,803
	Postage & Telecommunication	12,847	1,085
	Traveling, Haulage & passage	7,023	6,918
	Repair & Maintenance	3,042	34,051
	Electricity, Fuel & Water	27,985	26,989
	Printing and Stationery	62,058	42,632
	Rent, Rates and Taxes	298,785	395,142
	Entertainment	10,827	8,127
	Fees and Charges	365,810	461,000
	Audit & Professional fees	115,000	83,333
	Miscellaneous Expenses	49,867	44,734
	Directors' Remuneration & Fees	203,000	203,000
	CEPZ factory operating and maintenance(Notes:23.02.A)	5,844,553	5,901,483
	Merger / Amalgamation fees	-	1,051,360
	Depreciation (Annexure-A)	40,687	41,977
	Closing balance	7,657,123	8,938,541
23.02.A	CEPZ factory operating and maintenance		
	Salary, Wages & Allowances	524,179	657,150
	Fuel, Water, Power & others	143,326	128,735
	Insurance & Others	50,415	10,672
	Rent, Rates and other taxes	328,784	137,620
	Travelling & Conveyance	5,297	11,806
	Bank Charges	4,152	4,137
	Repairs & Maintenance	635	5,982
	Depreciation (Annexure-A)	4,785,611	4,937,319
	Other Overhead	2,154	8,062
	Closing balance	5,844,553	5,901,483
24.00	Financial Expenses		
	This has been arrived as under;		
	Interest on lease liability	1,299,946	1,339,238
	Bank charge & Interest on Loan	-	-
	Closing balance	1,299,946	1,339,238



Notes	Particulars	Amount in Taka	
		31 October 2023	30 June 2023
25.00 Foreign Exchange gain / (loss)	This has been arrived as under;		
	Foreign Exchange gain / (loss)	-	-
	Closing balance	<u>-</u>	<u>-</u>
26.00 Other income	This has been arrived as under;		
	Sale of Wastage	-	-
	Interest Income	587,521	578,180
	Closing balance	<u>587,521</u>	<u>578,180</u>
27.00 Income tax expenses	This has been arrived as under;		
	Current tax 27.01	161,715	159,000
	Deferred tax 27.02	-	-
	Closing balance	<u>161,715</u>	<u>159,000</u>
27.01 Current tax	This has been arrived as under;		
	Current tax on operating income 27.01.A	-	-
	Current tax on Interest income	161,568	159,000
	Closing balance	<u>161,568</u>	<u>159,000</u>
27.01.A Current tax on operating income			
	Net Profit before tax	(8,499,441)	(9,825,593)
	Add: Depreciation as per accounting base	4,843,736	4,997,286
	Less: Depreciation as per tax base	7,728,408	8,800,594
	Less: other income	587,521	578,180
	Taxable operating income	<u>(11,971,633)</u>	<u>(14,207,081)</u>
	Income tax @ 15%	<u>(1,795,745)</u>	<u>(2,131,062)</u>
	Tax deducted u/s 163 of Income Tax Act 2023.	-	-
	Current tax , minimum tax	-	-
	Current tax (Net of deferred tax)	<u>-</u>	<u>-</u>
27.02 Deferred tax	This has been arrived as under;		
	Property, Plant & Equipment		
	Carrying amount as Accounting base	300,915,126	315,753,435
	Carrying amount as Tax base	<u>233,640,353</u>	<u>258,839,894</u>
	Difference	<u>67,274,773</u>	<u>56,913,541</u>
	Tax Rate	15%	15%
	Total maximum deferred tax liability at the end of the period	10,091,216	8,537,031
	Total deferred tax liability at the beginning of the period	9,678,489	7,966,535
	Total maximum deferred tax for the period	<u>412,727</u>	<u>570,496</u>
	Total tax on operating income for the period	-	-
	Less: Current tax on operating income for the period	161,568	159,000
	Deferred tax as per total tax liability	<u>(161,568)</u>	<u>(159,000)</u>
	Deferred tax for the period	<u>-</u>	<u>-</u>

Notes	Particulars	Amount in Taka	
		31 October 2023	30 June 2023
28.00	Net Asset Value (NAV) per share	Amount in Taka	
		31 October 2023	30 June 2023
	Net Asset value at the end of the period	(18,302,745)	(9,641,589)
	No. of Share outstanding at the end of the period	392,544,834	392,544,834
	Net Asset value (NAV) per share	<u>(0.05)</u>	<u>(0.02)</u>

29.00	Earnings per Share	Amount in Taka	
		01-07-2023 to 31-10-2023	01-07-2022 to 31-10-2022
	The above balance is made up as follows:		
	Net profit after tax during the period	(8,661,156)	(9,984,593)
	Weighted average no. of share as on 31-10-2023	392,544,834	392,544,834
	Earnings per share	<u>(0.02)</u>	<u>(0.03)</u>

**29.01 Weighted average number of shares outstanding
For the period ended 31-10-2023**

Particulars	No. of Share	Date of allotment	Weight	Weighted average no. of shares
Opening Shares	392,544,834	-	1	392,544,834
Additional Shares	-	-	0	-
Total	392,544,834			392,544,834

30.00	Net operating cash flows per share	Amount in Taka	
		01-07-2023 to 31-10-2023	01-07-2022 to 31-10-2022
	The above balance is made up as follows:		
	Net operating cash flows	(3,881,256)	(13,729,641)
	No. of outstanding share at the end of the period	392,544,834	392,544,834
	Net operating cash flows per share	<u>(0.01)</u>	<u>(0.03)</u>

31.00	Reconciliation of cash generated by operations		
	Net Profit/(Loss) Before Tax	(8,499,441)	(9,825,593)
	Add: Depreciation	4,843,736	4,997,286
	Increase/Decrease in advance, deposits & prepayments	-	25,401
	Increase/Decrease in Income tax liability	(117,504)	(144,545)
	Increase/Decrease in creditors & accrues	(108,047)	(8,782,190)
	Closing balance	<u>(3,881,256)</u>	<u>(13,729,641)</u>



32.00 General
32.01 Disclosure as per requirement of Schedule XI, part II of Companies Act 1994
32.01.A Disclosure as per requirement of Schedule XI, part II, note 5 of Para 3

Employee Position (as on 31 October 2023)

Salary Range	Officer & Staff		Worker	Total Employee
	Factory	Head Office		
Below 6250	0	0	0	0
Above 6250	10	5	0	15
Total	10	5	0	15

N.B.; Due to fire incident dated on 8th April, 2019 at factory, production plant has been fully destroyed and production has been shut down since the date of fire. Staff and workers whoever terminated after the fire accident, were allowed termination benefit as per BEPZA rules.

32.01.B Disclosure as per requirement of Schedule XI, part II, Para 4 of companies act 1994

Directors' Remuneration & Fees: Tk. 232,400

Directors are entitled Tk 1800 as Board Meeting fee for attending each Board Meeting as per Articles of

Association. Managing Director and CEO monthly remuneration entitled to Tk 50,000

This is made up as follows:

Particulars	Amount in Taka
Remuneration & Benefits to the Managing Director	200,000
Meeting attending fees	32,400
Total	232,400

32.01.C Disclosure as per requirement of Schedule XI, part II, Para 7

Details of Capacity is given below:

Particulars	Licence Capacity	Installed Capacity in KG as before fire accident	Production Capacity in KG after fire accident	Actual Production in KG
Annual Production of Acrylic and Cotton Yarn in KG	Not mentioned in	13,260,000	-	-

32.01.D Disclosure as per requirement of Schedule XI, part II, Para 8 of companies Act 1994

Value of raw material, spare parts, packing materials and goods

Particulars	Local Purchase	Import	Total purchase	Consumption	Disposal	Consumption %
Raw Materials	-	-	-	-	-	0.00%
Spare & Accessories	-	-	-	-	-	0.00%
Packing Materials	-	-	-	-	-	0.00%

33.00 Related Party Transaction

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

Director Remuneration & Fees:

Particulars	Amount in Taka
Remuneration & Benefits to the Managing Director	200,000
Meeting attending fees	32,400
Total	232,400

Transaction:

Name of Company	Relationship	Nature of transaction	Amount as at 30.06.2023 (Tk.)
F & S Industries Limited	Director	Short term loan	77,980,000
Rahman & Nesa Hospital and Research Center Ltd.	Common Ownership	Short term loan	145,888,000
Samin Food and Beverage Ind. & Textile Mills Ltd.	Common Ownership	Short term loan	71,519,575

Equity Participation:

M. L. Dyeing Limited owns 34,589,966 number of ordinary shares of Tk. 10/- each at total amounting Tk. 345,899,660 being 8.81% of total ordinary shares of R.N. Spinning Mills Ltd.

34.00 Advances, Deposits & Prepayment (Note: 7) as per Schedule XI, Part-1 of the Companies Act 1994.

Advance, Deposits and pre-payments exceeding 6 Months	514,047
Not exceeding 6 Months	-
Total	514,047
Other advance, deposits & pre-payments less provision	-
Advance, deposits and pre-payments considered Good and Secured	514,047
Advance, deposits and pre-payments considered Good without security	-
Advance, deposits and pre-payments considered doubtful or bad	-
Advance, deposits and pre-payments	-
Due by Directors	-
Other Officers	-
Advance, Deposits and pre-payments due from companies under same management:	-
Maximum Advance, deposits and pre-payments	-
Due by Directors	-
Officers at any time	-



35.00 Particulars of Audit Committee

The audit committee constituted with a Chairman and three members. As at October 31, 2023 the members of the committee were as follows:

Name	Position	Status with committee	Educational qualification
Mr. Omar Faruque	Independent Director	Chairman	M.Com, CA (CC)
Mrs. Shirin Faruk	Director	Member	M.A.
Md. Obaydul Huq	Director	Member	MBA

During the 1st July 2023 to October 31, 2023, the following meetings of the audit committee held with the company's Senior Management to consider and review the company's financial statements and risk management.

Meeting	Date of Meeting
1	10.10.2023
2	18.10.2023
3	31.10.2023

36.00 Internal control

Following steps have been taken for implementation of an effective internal control procedures of the Company:

1. A strong internal control and compliance division is being formed with a view to establish a well designed system of internal control.
2. Regular review of internal audit reports with a view to implement the suggestion of internal auditors in respect of internal control techniques.
3. To establish an effective management system that includes planning, organizing and supervising culture in the factory as well as at head office.



R. N. SPINNING MILLS LIMITED
Schedule of Property, Plant & Equipment
As at 31 October 2023

Particulars	Cost			Rate of Dep. / Amortization (%)	Depreciation			Written Down Value As At 31-10-2023	Written Down Value As At 31-10-2022
	Balance as on 1st July 2023	Addition during the year	Balance as on 31 October 2023		Balance as on 1st July 2023	Charge during the year	Balance as on 31 October 2023		
Leasehold Land Development	129,473,455	-	129,473,455	3.33%	1,437,156	52,457,351	77,016,104	78,453,260	
Building	203,558,637	-	203,558,637	2.50%	1,315,312	47,036,523	156,522,114	157,837,426	
Electrical Installation	5,060,020	-	5,060,020	10%	67,008	3,116,783	1,943,237	2,010,245	
Furniture & Fixture	4,034,205	-	4,034,205	10%	61,809	2,241,738	1,792,467	1,854,276	
Office Equipment	8,083,186	-	8,083,186	10%	115,694	4,728,055	3,355,131	3,470,825	
Cookeries	806,017	-	806,017	20%	11,646	642,966	163,051	174,697	
Vehicles	41,340,767	-	41,340,767	10%	748,539	19,633,149	21,707,618	22,456,157	
Water & Gas Installation	4,680,868	-	4,680,868	10%	59,172	2,964,883	1,715,984	1,775,156	
Total	397,037,155	-	397,037,155		3,816,336	132,821,449	264,215,706	268,032,042	
Leased Assets	50,055,616	-	50,055,616	6.16%	1,027,400	13,356,196	36,699,420	37,726,820	
Total	447,092,771	-	447,092,771		4,843,736	146,177,645	300,915,126	305,758,862	

Allocation of depreciation :

Manufacturing Overhead	4,785,611
Administrative Expenses	40,687
Warehouse, Distribution & Selling Expenses	17,438
	<u><u>4,843,736</u></u>

98.80%	4,785,611
0.84%	40,687
0.36%	17,438
100%	<u><u>4,843,736</u></u>

