

Final

PRIVATE & CONFIDENTIAL

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS
OF**

**HAFIZ JUTE MILLS LTD.
FOR THE YEAR ENDED 30 JUNE 2023**

S.R. ISLAM & CO.

Chartered Accountants

37/2 Purana Paltan, Box Culvert Road,

Fayenaz Tower, Level-9, Flat No.9/D,

Dhaka-1000

Mobile No: 01670044444

E-mail: srislamnco@gmail.com

**INDEPENDENT AUDITOR'S REPORT
OF
HAFIZ JUTE MILLS LTD.**

Qualified Opinion

We have audited the financial statements of **Hafiz Jute Mills Ltd.** which comprise the statement of financial position as at 30 June 2023, 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the company financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Depreciation Charged to Capital Reserve

Depreciation on Fixed Assets revaluation has been provided in the financial statements as per BJMC Guide line. The depreciation amount debited to the capital Reserve and Credited to Fixed Assets Revaluation. As per true and fair value measurement the depreciation charges for each period which shall be recognized in the Profit or Loss and other comprehensive Income.

Material Uncertainties Regarding Going Concern

As per Government decision Ministry of Textile and Jute vide ref: No-24.0000.118.18.057.20.104 dated 30-6-2020 stated that the Hafiz Jute Mills Ltd closed on 1-7-2020 in connection with full production department activity and other department will continue in the future accordingly. In this connection, the company's going concern of its assessment of material uncertainties related to event or condition that may cast significant doubt upon the entity ability to continue as going concern.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the financial statements section of our report. We are independent of the corporation in accordance 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management & Those Charged with Governance for the Financial Statements

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

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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and 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 Corporation'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 Corporation'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 evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Corporation's 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, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts 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 statements of profit or loss and other comprehensive income dealt with by the report agree with the books of accounts and returns.

Place. Dhaka
Date: 04 February-2024
DVC: 2402040946AS930202




Shaiful Alam, FCA
Managing Partner
S. R. Islam & Co.
Chartered Accountants

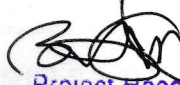
Hafiz Jute Mills Ltd.
Bara-Aulia, Shitakundha, Chattogram.
(AN ENTERPRISE OF BANGLADESH GOVERNMENT UNDER BJMC)
Statement of Financial Position as on 30th June, 2023.

Sl.	Particulars	Notes / Sch.	Amount (Tk.)	
			30.06.2023	30.06.2022
A.	Property, Plant & Equipment (Non Current Assets)			
	Fixed Assets (At Cost/Revaluation Less Accumulated Depreciation)	1.00	4,665,749,197	4,676,822,502
	Investment	2.00	16,300,000	-
	Deferred Expenses			
	Total Non Current Assets		4,682,049,197	4,676,822,502
B.	Current Assets			
	Stock of Stores & Spares	3.00	23,841,990	24,031,001
	Debtors (Less: Provision)	4.00	28,810,941	31,264,520
	Due from BJMC Mills	5.00	16,033,634	16,033,634
	Advances, Deposits & Prepayments	6.00	10,879,085	11,449,122
	Interim Revenue Support Receivable	7.00	13,538,116	13,538,116
	BJMC Current Account	8.00	879,877,966	813,670,413
	Cash & Cash Equivalent	9.00	18,158,268	124,750,741
	Total Current Assets		991,140,000	1,034,737,547
	Total Assets (A+B)		5,673,189,197	5,711,560,049
	Capital & Liabilities :			
C.	Authorised Capital (5,000,000 Ordinary Shares of Tk.10 each)	10.00	50,000,000	50,000,000
D.	Equity & Retained Earnings:			
	Issued, Subscribed & Paid up Capital	11.00	20,000,000	20,000,000
	Government Equity Contribution	12.00	30,668,655	30,668,655
	Reserve	13.00	4,551,259,681	4,557,017,223
	Accumulated Profit & Loss (Retained Earnings)	14.00	(6,760,216,777)	(6,629,428,640)
	Total Equity & Retained Earnings		(2,158,288,441)	(2,021,742,762)
E.	Long Term Liabilities:			
	BJMC Current Account	15.00	-	-
	Long Term Loan	16.00	7,615,420,194	7,360,595,854
	Gratuity Liabilities (Provision)	17.00	77,132,792	80,002,004
	Total Long Term Liabilities		7,692,552,986	7,440,597,858
F.	Current Liabilities :			
	Bank Overdraft	18.00	-	27,532,868
	Liabilities for Goods	19.00	1,052,421	1,244,458
	Liabilities for Expenses	20.00	10,995,966	23,691,569
	Liabilities for Other Finance	21.00	47,043,376	75,038,703
	Due to BJMC Mills	22.00	48,209,867	53,101,954
	Gratuity Payable Account (Current)	23.00	31,623,022	112,095,401
	Total Current Liabilities		138,924,652	292,704,953
	Total Liabilities (D+E+F)		5,673,189,197	5,711,560,049

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

FOR HAFIZ JUTE MILLS LTD.


Accounts Head


Project Head


04 FEB 2024

Date : -

Place : Dhaka

DVC: 24020400946NS930202




Shaiful Alam, FCA
Enrolment No. 0946
Managing Partner
S.R. Islam & Co.
Chartered Accountants


Hafiz Jute Mills Ltd.
Bara-Aulia, Shitakundha, Chattogram.
(AN ENTERPRISE OF BANGLADESH GOVERNMENT UNDER BJMC)
Statement of Manufacturing, Trading and Profit (Loss) and other Comprehensive Income
for the year ended 30th June, 2023.

Particulars	Notes	Product wise Break up		Amount (Tk.)	
		Hessian	Sacking	2022-2023	2021-2022
Income :					
Local Sales	24.00	-	-	-	329,245
Foreign Sales	25.00	-	-	-	-
Total Sales		-	-	-	329,245
Subsidy	26.00	-	-	-	-
Total Income		-	-	-	329,245
A. Material Cost :					
Opening Work-in-Process	27.00	-	-	-	-
Raw Jute Consumed	29.00	-	-	-	-
Jute Yarn		-	-	-	-
Charge on Raw Jute	30.00	-	-	-	-
Other Direct Materials Consumed		-	-	-	-
Sub Total		-	-	-	-
Closing Work-in-Process	28.00	-	-	-	-
Total Material Cost : (A)		-	-	-	-
B. Conversion Cost :					
Opening Work-in-Process	27.00	-	-	-	-
Wages	32.00	-	-	-	-
Salaries	33.00	33,024,269	33,024,268	66,048,537	66,598,378
Power / Electricity	34.00	828,912	828,911	1,657,823	2,015,388
Fuel	35.00	50,227	50,227	100,454	100,228
Repairs & Maintenance	36.00	368,046	368,046	736,092	841,026
Depreciation	37.00	2,701,315	2,701,315	5,402,630	5,402,630
Insurance	38.00	600,000	600,000	1,200,000	1,220,790
Other Factory Overhead	39.00	134,131	134,130	268,261	343,590
Sub Total		37,706,900	37,706,897	75,413,797	76,522,030
Closing Work-in-Process	28.00	-	-	-	-
Total Conversion Cost : (B)		37,706,900	37,706,897	75,413,797	76,522,030
Cost of Production : (A + B)		37,706,900	37,706,897	75,413,797	76,522,030
Opening Stock of Finish Goods	40.00	-	-	-	329,245
Sub Total		37,706,900	37,706,897	75,413,797	76,851,275
Closing Stock of Finish Goods	41.00	-	-	-	-
Cost of Goods Sold		37,706,900	37,706,897	75,413,797	76,851,275
Administrative Expenses	42.00	8,648,687	8,648,686	17,297,373	2,109,494
Selling Expenses	43.00	24,209	24,209	48,418	1,033,434
Total Operating Expenses		46,379,796	46,379,792	92,759,588	79,994,203
Operating Profit/(Loss)		(46,379,796)	(46,379,792)	(92,759,588)	(79,664,958)
Financial Expenses :					
Interest on Long Term Loan	44.00	-	-	-	-
Interest on Cash Credit		-	-	-	-
Total Interest		-	-	-	-
Operating Profit/Loss		(46,379,796)	(46,379,792)	(92,759,588)	(79,664,958)
Non - Operating Income	45.00	1,774,152	1,774,152	3,548,304	1,495,702
Net Profit/Loss before Tax		(44,605,644)	(44,605,640)	(89,211,284)	(78,169,256)
Rent, rates & Taxes/AIT	46.00	459,316	459,316	918,632	7,667,296
Net Profit/Loss after Tax		(45,064,960)	(45,064,956)	(90,129,916)	(85,836,552)
Add : Previous year adjustment	47.00	-	-	(40,658,221)	(2,491,897)
Add : Balance from last year		-	-	(6,629,428,640)	(6,541,100,191)
Balance transfer to B. S.				(6,760,216,777)	(6,629,428,640)

This is the Statement of Manufacturing, Trading and Profit (Loss) and other Comprehensive Income referred to in our separate report of even date.

FOR HAFIZ JUTE MILLS LTD.


Accounts Head


Protect Head


Shaiful Alam, FCA
Enrolment No. 0946
Managing Partner
S.R. Islam & Co.
Chartered Accountants

Date :
Place : Dhaka
DVC:

2402040046AS030202




Particulars	Taka in Lac			Taka Per Ton	
	Hessian	Sacking	Total	Hessian	Sacking
Income :					
Foreign Sales	-	-	-	-	-
Local Sales	-	-	-	-	-
Total Sales	-	-	-	-	-
Subsidy	-	-	-	-	-
Total Operating Income : (3+4)	-	-	-	-	-
Material Cost :					
Opening Work in Process	-	-	-	-	-
Raw jute	-	-	-	-	-
Charge on jute	-	-	-	-	-
Other Direct Materials	-	-	-	-	-
Sub Total	-	-	-	-	-
Clo.work in Process	-	-	-	-	-
Total Materials cost	-	-	-	-	-
Conversion Cost :					
Opening Work in Process	-	-	-	-	-
Wages	-	-	-	-	-
Salaries	330.24	330.24	660.48	-	-
Power	8.29	8.29	16.58	-	-
Fuel	0.50	0.50	1.00	-	-
Repairs & Maintenance	3.68	3.68	7.36	-	-
Depreciation	27.01	27.01	54.02	-	-
Insurance	6.00	6.00	12.00	-	-
Other Factory Overhead	1.34	1.34	2.68	-	-
Sub-Total	377.06	377.06	754.12	-	-
Closing Work in Process	-	-	-	-	-
Total Conversion Cost	377.07	377.07	754.14	-	-
Cost of Production	377.07	377.07	754.14	-	-
Opening Stock of F/Goods	-	-	-	-	-
Cost of Goods available for Sale	377.07	377.07	754.14	-	-
Closing stock of F/Goods	-	-	-	-	-
Cost of sales	377.07	377.07	754.14	-	-
Administrative Expenses	86.49	86.49	172.98	-	-
Selling Expenses	0.24	0.24	0.48	-	-
Total Operating Expenses	463.80	463.80	927.60	-	-
Operating Profit/(Loss)	(463.80)	(463.80)	(927.60)	-	-
Financial Expenses :					
Interest on long Term Loan	-	-	-	-	-
Interest cash Credit	-	-	-	-	-
Total Interest	-	-	-	-	-
Total Profit / Loss	(463.80)	(463.80)	(927.60)	-	-
Non Operating income	17.74	17.74	35.48	-	-
Net Profit /Loss before Tax	(446.06)	(446.06)	(892.12)	-	-
Rent, Rates & Tax paid	4.59	4.59	9.18	-	-
Net Profit /Loss after Tax	(450.65)	(450.65)	(901.30)	-	-

04 FEB 2024

Date :
Place : Dhaka
DVC:

2402040946AS930202


Shaiful Alam, FCA
Enrolment No. 0946
Managing Partner
S.R. Islam & Co.
Chartered Accountants



Hafiz Jute Mills Ltd.

Bara-Aulia, Shitakundha, Chattogram.

(AN ENTERPRISE OF BANGLADESH GOVERNMENT UNDER BJMC)

Statement of Changes in Equity for the year ended 30th June, 2023.

Sl. #	Particulars	Share Capital	Equity Cont.	Reserve	Profit & Loss Appropriation A/C (Retained Earnings)	Total
1	Balance as on 01/07/2022	20,000,000	30,668,655	4,557,017,223	(6,629,428,640)	(2,021,742,762)
2	Depreciation on Revaluation of Assets	-	-	(5,757,542)	-	(5,757,542)
3	Prior Year Adjustment	-	-	-	(40,658,221)	(40,658,221)
4	Profit & Loss A/C	-	-	-	(90,129,916)	(90,129,916)
	Total	20,000,000	30,668,655	4,551,259,681	(6,760,216,777)	(2,158,288,441)

This is the Statement of changes in Equity referred to in our separate report of even date.

Statement of Equity for 2021-22

Sl. #	Particulars	Share Capital	Equity Cont.	Reserve	Profit & Loss Appropriation A/C (Retained Earnings)	Total
1	Balance as on 01/07/2021	20,000,000	30,668,655	4,562,774,765	(6,541,100,191)	(1,927,656,771)
2	Depreciation on Revaluation of Assets	-	-	(5,757,542)	-	(5,757,542)
3	Prior Year Adjustment	-	-	-	(2,491,897)	(2,491,897)
4	Profit & Loss A/C	-	-	-	(85,836,552)	(85,836,552)
	Total	20,000,000	30,668,655	4,557,017,223	(6,629,428,640)	(2,021,742,762)



Hafiz Jute Mills Ltd.
Bara-Aulia, Shitakundha, Chattogram.
(AN ENTERPRISE OF BANGLADESH GOVERNMENT UNDER BJMC)
Statement of Cash Flows for the year ended 30th June, 2023.

Sl. #	Particulars	Amount (Tk.)	
		2022-2023	2021-2022
A.	Cash Flow From Operating Activities :		
	Net profit/Loss before tax during the year	(89,211,284)	(78,169,256)
	Add: Previous year adjustment	(40,658,221)	(2,491,897)
	Depreciations	5,402,630	11,160,172
	Total	(124,466,875)	(69,500,981)
	Stock of Stores & Spares	189,011	900,188
	Debtors (Less: Provision)	2,453,579	509,829,311
	Due from BJMC Mills	-	(4,598,089)
	Advances, Deposits & Prepayments	570,037	1,510,060
	Interim Revenue Support Receivable	-	-
	BJMC Current Account	(66,207,553)	(424,942,836)
	Bank Overdraft	(27,532,868)	(3,677,350)
	Liabilities for Goods	(192,037)	(89,603,811)
	Liabilities for Expenses	(12,695,603)	(11,709,161)
	Liabilities for Other Finance	(27,995,327)	(12,602,109)
	Due to BJMC Mills	(4,892,087)	3,835,895
	Gratuity Payable Account (Current)	(80,472,379)	(355,394,557)
	Tax paid	(918,632)	(7,667,296)
	Net Cash Provided by Operating activities : (A)	(342,160,734)	(463,620,736)
B.	Cash Flow from Investing Activities :		
	Acquisition of Fixed Assets	(86,867)	-
	Disposal of fixed assets (vehicle)	-	-
	Total Investing Activities : (B)	(86,867)	-
C.	Cash Flow from Financing Activities :		
	FDR Investment	(16,300,000)	-
	Reserve	-	(5,757,542)
	BJMC Current Account	-	-
	Long Term Loan	254,824,340	476,470,750
	Gratuity Liabilities (Provision)	(2,869,212)	(7,865,496)
	Net cash provided by financing activities (C)	235,655,128	462,847,712
	Increase/(Decrease) in Cash and Bank Balance : (A+B+C)	(106,592,473)	(773,024)
	Opening Cash and Cash Equivalent	124,750,741	125,523,765
	Closing Cash and Cash Equivalent	18,158,268	124,750,741

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

04 FEB 2024

Date :

Place : Dhaka

DVC: 2402040046 AS 080202



Shaiful Alam, FCA

Enrolment No. 0946

Managing Partner

S.R. Islam & Co.

Chartered Accountants