

Private & Confidential

Gul Ahmed Jute Mills Ltd.
Kumira, Sitakunda, Chattogram

Auditors' Report and Financial Statements
Of
Gul Ahmed Jute Mills Ltd.
For the year ended 30 June, 2023

M A Fazal & Co.

Chartered Accountants



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**Independent Auditors' Report
of Gul Ahmed Jute Mills Limited
Report on the audit of the financial statements**

Opinion

We have audited the financial statements of **Gul Ahmed Jute Mills Limited** 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, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at **30 June, 2023** and of its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with 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) 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 these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Managements 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.

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 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 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 auditor's report to the related disclosure 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a) We have obtained all the information and explanation which to best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof.
- b) In our opinion, proper books of account as required by law except for the matter emphasis have been kept by the company so far as it appeared from our examination of those books.
- c) The company's statement of financial position dealt with by the report is in agreement with the books of accounts and returns.
- d) The expenditure incurred were for the purpose of the companies for the year.

Matter of emphasis:

1. Bank statements of Janata Bank Plc, AC-64 and all Agency accounts didn't found in our physical verification as well as we have sent balance confirmation letters in respective Bank's head office. We received only 01 balance confirmation letters from FSIBL and rest of balance confirmation letters are yet to be received.
2. VAT return for the financial year 2022-2023 couldn't provide for our verifications.

Dated, Dhaka.
19th March, 2024



Md. Abul Basher, FCA # 0840

Managing Partner

M A Fazal & Co.

Chartered Accountants

DVC: 2409190840 AS727718

Gul Ahmed Jute Mills Limited


Kumira, Shitakundha, Chittagong.

Statement of Financial Position

As On 30th June, 2023

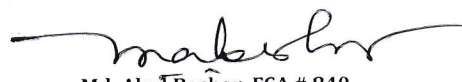
Sl. #	Particulars	Note	Amount (Tk.)	
			30 June, 2023	30 June, 2022
Property & Assets:				
A.	Non Current Assets:			
	At cost/Revaluation less accumulated depreciation	4	2,378,740,713	2,407,384,743
	Investment	5	-	-
	Total Non Current Assets: (A)		2,378,740,713	2,407,384,743
B.	Current Assets:			
	Stock, Stores & Spares	6	21,263,420	21,296,311
	Debtors (Less : Provisions)	7	26,434,750	35,231,630
	Due from BJMC Mills	8	45,238,729	45,050,661
	Advance, Deposit & Pre-payments	9	16,370,010	15,244,220
	Interim Revenue support Receivable	10	7,822,886	7,822,886
	BJMC Current Account	11	625,772,413	334,278,457
	Cash & Bank Balance	12	28,656,355	76,215,012
	Total Current Assets: (B)		771,558,563	535,139,176
	Total Property & Assets: (A+B+C)		3,150,299,276	2,942,523,919
Capital & Liabilities:				
	Authorized Capital	13	50,000,000	50,000,000
D.	Shareholders Equity & Loans :			
	Issued, Subscribed & Paid-up Capital	14	12,000,000	12,000,000
	Govt. Equity Contribution	15	116,251,025	116,251,025
	Retained Earning	16	(4,773,632,856)	(5,119,119,214)
			(4,645,381,831)	(4,990,868,189)
E.	Non- Current Liabilities:			
	Reserves	17	2,236,067,004	2,258,798,328
	Long Term Loan	18	5,327,347,366	5,393,458,467
	Gratuity Liabilities (Provision)	19	92,938,938	100,518,485
	Total Shareholders Equity & Loans : (D)		7,656,353,308	7,752,775,280
F.	Current Liabilities :			
	Liabilities for Goods	20	3,345,208	8,113,140
	Liabilities for Expenses	21	38,348,213	35,499,466
	Liabilities for Other Finance	22	47,975,252	44,853,648
	Due to BJMC Mills	23	24,438,597	27,368,824
	Gratuity Payable Account (Current)	24	25,220,529	64,781,749
	Total Current Liabilities : (E)		139,327,799	180,616,828
	Total Capital & Liabilities : (D+E)		3,150,299,276	2,942,523,919

Accompanying notes from 1 to 40 form an integral part of these Financial Statements


Asstt. Manager (A & F) and
Head of Accounts


Project Head

Signed in terms of our report of even date.


Md. Abu Basher, FCA # 840
Managing Partner
M A FAZAL & CO.
Chartered Accountants

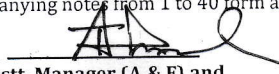
Dated, Dhaka.
19 March, 2024


DVC: 2403190840 AS 727718

Gull Ahmed Jute Mills Limited
Kumara, Shitakundha, Chittagong.
Manufacturing, Trading & Statement of Comprehensive Income
For the year ended 30th June, 2023

Sl.	Particulars	Notes	Amount (Tk.)	
			As on 30 June, 2023	As on 30 June, 2022
Income:				
1	Foreign sales	25	-	-
2	Local sales	25	-	2,109,780
3	Total sales (1+2)		-	2,109,780
4	Subsidy	25	-	-
5	Total Income (3+4)		-	2,109,780
Material cost:				
6	Opening work-in-process		-	-
7	Raw Jute Consumption	26	-	-
8	Charges on Raw Jute	27	-	-
9	Other Direct Materials Consumed	28	-	-
10	Sub-Total (6 to 9)		-	-
11	Closing work-in-process		-	-
12	Total Material cost (10-11)		-	-
Conversion cost:				
13	Opening work-in-process		-	-
14	Wages	29	-	-
15	Salaries	30	40,536,839	51,584,866
16	Power/Electricity	31	1,186,793	1,532,183
17	Fuel	32	203,160	250,822
18	Repairs & Maintenance	33	419,857	866,562
19	Depreciation	34	5,949,600	5,966,909
20	Insurance	35	210,018	296,517
21	Other overhead	36	59,075	164,428
22	Sub-Total (13 to 21)		48,565,342	60,662,287
23	Closing work-in-process		-	-
24	Total Conversion Cost (22-23)		48,565,342	60,662,287
25	Cost of Production (12+24)		48,565,342	60,662,287
26	Opening Stock of Finished goods		-	5,791,748
27	Cost of Goods available for Sales (25+26)		48,565,342	66,454,035
28	Closing stock of Finished goods		-	-
29	Total Cost of Sales (27-28)		48,565,342	66,454,035
30	Gross Profit/Loss (5-29)		(48,565,342)	(64,344,255)
31	Administrative expenses	37	4,751,470	5,212,044
32	Selling expenses	38	62,028	180,328
33	Total Operating expenses (31+32)		4,813,498	5,392,372
34	Operating Profit/Loss (30-33)		(53,378,840)	(69,736,627)
35	Financial expenses	39	305,307	18,638,304
36	Total Profit/Loss (34-35)		(53,684,147)	(88,374,931)
37	Non-Operating Income	40	24,676,982	10,517,435
38	Net Profit/(Loss) before Tax (36+37)		(29,007,165)	(77,857,496)
39	Tax Paid At Source (TDS)		-	-
40	Net Profit/(Loss) after Tax (38-39)		(29,007,165)	(77,857,496)
41	Prior Year Adjustment		-	29,310,829
42	Previous Year Profit/(Loss)		-	(5,070,572,547)
43	Balance Transfer to Profit/(Loss) Appr. A/c		-	(5,119,119,214)
44	Transferred to Statement of Financial Position		-	(5,119,119,214)

Accompanying notes from 1 to 40 form an integral part of these Financial Statements


Asstt. Manager (A & F) and
Head of Accounts


Project Head

Dated, Dhaka.
19 March, 2024

Signed in terms of our report of even date.


Md. Abul Basher, FCA # 840
Managing Partner
M A FAZAL & CO.
Chartered Accountants

DVC: 2403190840 AS 727718

Gul Ahmed Jute Mills Ltd.
 Kumira, Chattogram.
Statement of Changes in Equity
 For the year ended 30th June, 2023


Particulars	Issued, Subscribed & Paid up Capital	Govt. Equity Contribution	Retained Earnings	Total
Opening Balance as on 01.07.2022	12,000,000	116,251,025	(5,119,119,214)	(4,990,868,189)
Net Profit/(loss) during the year			(29,007,165)	(29,007,165)
Prior year adjustments			374,493,523	374,493,523
Depreciation Adjustment During the year			-	-
Closing balance as on 30.06.2023	12,000,000	116,251,025	(4,773,632,856)	(4,645,381,831)

Note: As per IAS 1, Presentation of Financial Statement guides us to represent the accumulated P/L balance with the control heading Retained Earnings for better reflection of the state of affairs of the organization. Till previous year **Gul Ahmed Jute Mills Ltd.** used to show the P/L balance independently without a justified presentation. After bring this into the notice of the management we received a decision of BJMC management (Letter no 24.04.0000.306.09.001.18.118 dated on 20-12-2023) to change the presentation according to the guidelines of IAS 1. Hence, we made the necessary changes.

For the year ended 30th June, 2022

Particulars	Issued, Subscribed & Paid up Capital	Govt. Equity Contribution	Retained Earnings	Total
Opening Balance as on 01.07.2021	12,000,000	116,251,025	(5,070,572,547)	(4,942,321,522)
Net Profit/(loss) during the year			(77,857,496)	(77,857,496)
Prior year adjustments			29,310,829	29,310,829
Depreciation Adjustment During the year			-	-
Closing balance as on 30.06.2022	12,000,000	116,251,025	(5,119,119,214)	(4,990,868,189)

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


 Asstt. Manager (A & F) and
 Head of Accounts


 Project Head

Dated, Dhaka.
 19 March, 2024

Gul Ahmed Jute Mills Ltd.


Kumira, Chattagram.


Statement of Cash Flow

For the year ended 30th June, 2023.

Sl	Particulars	Amount (Tk.)	
		2022-2023	2021-2022
A.	<u>Cash Flow from Operating Activities :</u>		
	Net profit for the year	(29,007,165)	(77,857,496)
	Adjustment Previous year	374,493,523	29,310,829
	Depreciation	5,949,600	5,966,909
	Total	351,435,958	(42,579,758)
	Increase/Decrease in Current Assets:		
	Stock & Stores	32,891	6,220,785
	Debtors (Less : Provision)	8,796,880	(25,454)
	Due from BJMC Mills	(188,068)	(358,240)
	Advance Deposit per payment	(1,125,790)	217,881
	BJMC Current Accounts	(291,493,957)	(27,170,887)
		(283,978,044)	(21,115,915)
	Increase/ Decrease in Current Liabilities:		
	Liabilities for Goods	(4,767,932)	(103,987,239)
	Liabilities for Expenses	2,848,746	(5,515,118)
	Liabilities for Other Finance	3,121,603	(9,954,424)
	Due to BJMC Mill	(2,930,227)	(127,602)
	Gratuity Payable Account (Current)	(39,561,220)	(53,761,389)
	Total	(41,289,029)	(173,345,772)
	Net Cash used from Operating Activities (A)	26,168,885	(237,041,445)
B.	<u>Cash Flow from Investing activities :</u>		
	Fixed Assets Addition	(36,894)	(274,071)
	Investment	-	-
	Net Cash used from Investing Activities : (B)	(36,894)	(274,071)
C.	<u>Cash Flow from Financing Activities :</u>		
	Long Term Loan	(66,111,102)	368,065,304
	Gratuity Prov.	(7,579,547)	(138,540,856)
	Net Cash used from Financing Activities : (C)	(73,690,649)	229,524,448
	Increase/(Decrease) in Cash and Bank Balance : (A+B+C)	(47,558,657)	(7,791,069)
	Cash & Bank Balance at the beginning of the year	76,215,012	84,006,081
	Cash & Bank Balance at the ending of the year	28,656,355	76,215,012

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


Asstt. Manager (A & F) and
Head of Accounts


Project Head

Dated, Dhaka.
19 March, 2024

Gul Ahmed Jute Mills Limited

Kumira, Shitakundha, Chittagong.

Notes to the Financial Statements

for the year ended 30th June, 2023

1.00 Legal Status of the Company:

Legal form of the Enterprise:

Gul Ahmed Jute Mills Ltd. was reportedly public limited company by shares and was incorporated under the Company Act. 1913 on October 26, 1966 and started its commercial production in 1968. The mill was placed under the control of and management of Bangladesh Jute Mills Corporation (BJMC) under P.O 27 of 1972. Subsequently the Industrial Nationalize Act 25 year of 2018.

2.00 Activities of the Company:

The Principle activities of the company are manufacture, sale and export of jute goods.

3.00 Significant Accounting Policies:

The financial statement of the enterprise are designed as per BJMC format and prepared in accordance with Bangladesh Accounting Standards. The Company followed integrated Accounting System and these financial statements have been prepared on going concern basis under historical cost convention following mercantile system of accounting on consistent basis.

3.01 Fixed Assets:

The Fixed Assets are shown at Cost & Revaluation less accumulated depreciation. First time Revaluation was made in the year 1992-93 and second time in the year of 2016-17 by BJMC guide line and transferred to Capital Reserve Account as per BJMC Guidelines.

3.02 Depreciation:

Fixed Assets were depreciated at straight line method @2.5% to 25% according to the type of assets.

3.03 Foreign Currency Transaction:

Revenue transaction of foreign currency are converted in Bangladeshi Taka at the exchange rate prevailing on the date of transaction.

3.04 Service Benefits:

The Company is maintaining a contributory Provident Fund for its every permanent employee. Contributory Provident Fund is administered by a Board of Trustee and is funded equally by the employee and the company. The Company is providing contribution to the fund equivalent to 8.33% and own contribution 10% of Basic salary of each permanent employee. The company also provides gratuity benefit to all its permanent employee's equivalent to two months last basic salary of each completed year of service.

3.05 Company Taxation:

The company has been incurring losses over a long period. As a result, provision for taxation has been made following section 16BB of the Income Tax Ordinance 1984.

3.06 Liabilities for Expenses:

Provision for certain expenses and known liabilities were made in the accounts during the year under audit. These types of liabilities must be paid off/adjust after having actual bill/expenses.

3.07 Presentation:

Figures of the previous year have been rearranged wherever to conform to current year's presentation.

3.08 Present Status of the company:

At present the factory production has been closed from 1st July, 2020 as per government order no-24.00.0000.118.18.057.20.104, dated on 30 June, 2020.