

**AUDITORS' REPORT
ON
THE FINANCIAL STATEMENTS
OF
ARVIND NILOY EXPORTS (PVT.) LTD.
FOR THE YEAR ENDED ON 31ST MARCH 2016**

ZAHUR & MOSTAFIZ

Chartered Accountants

Member firm of **Kreston International**

Independent Auditors' Report to the Shareholders of **Arvind Niloy Exports (Pvt.) Ltd.**

Introduction

We have audited the accompanying financial statements of **Arvind Niloy Exports (Pvt.) Ltd.** which comprise the Statement of financial position as at 31st March 2016 and Statement of comprehensive income, Statement of changes in equity and cash flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the Balance Sheet as at 31st March 2016 and of its Income Statement and cash flows Statements for the year then ended in accordance with Bangladesh Financial Reporting Standards, the Companies Act 1994 and other applicable laws and regulations.

ZAHUR & MOSTAFIZ

Chartered Accountants

Arvind Niloy Exports (Pvt.) Ltd.
Statement of Financial Position
As at 31st March 2016

	<u>Notes</u>	<u>2016</u> <u>Taka</u>
SOURCES OF FUNDS		
Shareholders' Funds		
Share capital	3	9,000,000
Retained earning	4	(32,509,966)
Share Money deposit	5	10,520,400
		(12,989,566)
APPLICATIONS OF FUNDS		
Non Current Assets		
Fixed Assets	6	240,844
Preliminary expenses	7	66,618
Current Assets		
Inventory	8	247,802
Cash and bank balances	9	4,951
Advance, Deposit & Prepayments	10	2,088,841
Loan advance with head office	11	-
		2,341,595
Less: Current Liabilities and Provisions		
Accrued & accounts payable	12	15,638,623
Income tax provision	13	-
		15,638,623
Net Current Assets		(13,297,028)
		(12,989,566)

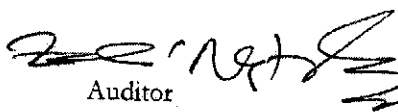
These financial statements should be read in conjunction with the annexed notes.

Managing Director

Director

Chief Finance Officer

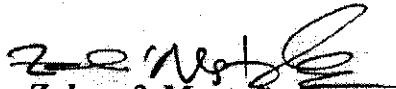
Dhaka,


 Auditor
 Zahur & Mostafiz
 Chartered Accountant

ZAHUR & MOSTAFIZ
Chartered Accountants
Member firm of **Kreston International**

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 purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books ; and
- c) The statement of Balance Sheet and Income Statement dealt with by the report are in agreement with the books of accounts and returns.


Zahur & Mostafiz
Chartered Accountants

Date:
Dhaka.

ZAHUR & MOSTAFIZ
Chartered Accountants

Arvind Niloy Exports (Pvt.) Ltd.
Statement of Comprehensive Income
for the Year ended 31st March 2016

	<u>Notes</u>	<u>2016</u> <u>Taka</u>
Turnover	14	-
Less: General Administrative, Marketing & Selling Exp.	15	3,258,621
Net Profit before tax		<u>(3,258,621)</u>
Provision for tax:	11	-
Net Profit for the year transferred to retained earnings		<u><u>(3,258,621)</u></u>

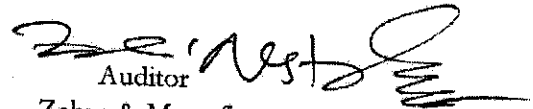
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Managing Director

Director

Chief Finance Officer

Dhaka



Auditor

Zahur & Mostafiz
Chartered Accountant

ZAHUR & MOSTAFIZ

Chartered Accountants

Arvind Niloy Exports (Pvt.) Ltd.
Statement of Changes in Equity
for the Year ended 31st March 2016

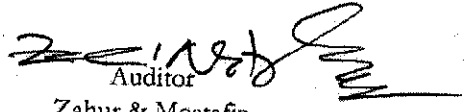
Particulars	Share capital (Taka)	Retained earning (Taka)	Share money (Taka)	Total (Taka)
Balance as on 1st April 2015	9,000,000	(29,251,345)	10,520,400	(9,730,945)
Capital Increased During The year				-
Sharemoney deposited During The year				-
Net profit for the ended 31st March'16	-	(3,258,621)	-	(3,258,621)
Balance as of 31st March 2016	<u>9,000,000</u>	<u>(32,509,966)</u>	<u>10,520,400</u>	<u>(12,989,566)</u>

Managing Director

Director

Chief Finance Officer

Dhaka


Auditor
Zahur & Mostafiz
Chartered Accountant

ZAHUR & MOSTAFIZ

Chartered Accountants

Arvind Niloy Exports (Pvt.) Ltd.
Statement of Cash Flows
for the year ended 31st March 2015

	2015 <u>Taka</u>
Cash flows from operating activities	
Net Profit for the year	(3,258,621)
Adjustments for non-cash items	
Depreciation	85,271
Amortizaion of Preliminary Expenses	66,620
Operating profit before changes in working capital	(3,106,730)
Changes in working capital	
(Increase)/ decrease in inventories/work in progress	-
(Increase)/ decrease in trade and other debtors	-
(Increase)/ decrease in advance, deposit & prepayments	(4,696,161)
(Increase)/ decrease in loan advance with head office	4,628
increase/(decrease) in inter-company receivables	-
Increase/ (decrease) in current liabilities	6,930,796
Increase/ (decrease) in short term loan	-
Increase/(decrease) in provisions for tax	-
(Increase)/decrease in Preliminary Expenses	-
	2,239,263
Cash generated from operating activities	(867,467)
Less: Tax paid	-
Net cash flow from operating activities	(867,467)
Cash flows from investing activities	
Acquisition of fixed assets	-
Un-allocated revenue expenditure & Preliminery expenses	-
Net cash used in investing activities	-
Cash flows from financing activities	
Receipts of sharemoney deposit	-
Allotment of shares	-
Net cash flow from financing activities	-
Net increase/(decrease) of cash and bank balances for the year	(867,467)
Cash and bank balances at the beginning of the year	872,418
Cash and bank balances at the end of the year	4,951

Managing Director

Director

Chief Finance Officer



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Chartered Accountants

Arvind Niloy Exports (Pvt.) Ltd.
Notes to the Financial Statements
for the year ended 31st March 2016

1 Status and activity of the company

Bangladesh under the Companies Act, 1994 on 02-01-13 bearing registration no C-106519/13. The main activities of the company is to establish a buying house for Export & Import oriented readymade garments, accessories and all sorts of traditional, nontraditional handicrafts, general and industrial items and also to invest either indivisually or with joint venture in any industry for Design, Deying, Printing, Washing, Bleaching, Calandaring and packaging, readymade garments, sweater, knitting, textile and allied nature of industries.

2 Summary of significant accounting policies

2.01 Basis and convention of accounting

The financial statements of the company, which are expressed in Bangladesh Taka, are prepared in accordance with Bangladesh Accounting Standards so far adopted in Bangladesh and under the historical cost convention.

2.02 Fixed assets

Tangible fixed assets have been stated at cost as reduced by accumulated depreciation. Fixed assets costing less than BDT 1,000 are recognized as expenditure irrespective of their useful lives.

2.03 Depreciation

Depreciation is provided on all fixed assets, at various rates on a reducing balance method over their estimated useful lives. Depreciation on additions to fixed assets are charged for the full year in the year of acquisition while no depreciation is charged in the year of retirement/disposal. The rates of depreciation and useful lives are stated below:

<u>Name of Fixed Assets</u>	<u>Rates of Depreciation</u> (%)	<u>Estimated</u> <u>useful lives</u>
Office Equipment	20.00	
Office Furniture	20.00	
Computers	60.00	

Company charge depreciation on fixed assets as per rates and method of

2.04 Inventories

Inventories are valued at lower of cost and net realizable value. Inventories comprise of sample instruments for readymade garments, design sheet, accessories, stationery etc

2.05 Trade debtors

Trade debtors, which generally have within 90 days terms, are recognized and carried at original

2.06 Intercompany payables

Intercompany payables are usually settled on 60 days terms and are

2.07 Balances with related companies

Balances with related companies, which are normally settled on 30-60 days terms, are carried at cost.

2.08 Turnover and revenue recognition

Sales / Turnover are recognized net of discounts / claims when the goods or services are delivered and accepted by customers . The Company doesn't have any policy to recover Interest from debtors for



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2.09 Tax Rate

The tax rate is 37.5% on the taxable net profit. The disclosed net profits are adjusted in line with the requirement of Income Tax Ordinance 1984. The Company is engaged in earning buying house commission from different garments industries. The commission so earned are subject to deduction of advance income tax u/s 53EE of the said Ordinance @ 7.5% and the taxes so deducted are adjusted and are given credit at the time of computation of total income and tax chargeable thereon.

2.10 Employee benefit

The Company is not required to establish WPPF according to labour Act. The establishment of Contributory Provident Fund (CPF) is under consideration.

2.11 Foreign currency transactions

a) Foreign currency transactions have been converted into Bangladesh Taka at the ruling rate on the date of transaction; and

b) The imported plant & equipment has been converted at historical

2.12 General

- (i) Figures appearing in the financial statements have been rounded off to the nearest Taka; and
(ii) Previous year's figures have been rearranged, whenever considered necessary to conform to the current year's presentation.

3 Share Capital

Authorized capital

"5,00,000 ordinary shares of Taka 100 each

Issued, subscribed and paid-up capital

90000 (PY 40000) ordinary shares of Taka 100 each fully paid up. Details of shares held by the subscribers are as under:

Name of shareholders	Nationality	No of shareholdings		Amount in
		2016	2015	Taka
Arvind Limited	Indian	63,000	63,000	2016
Nitol Motors Limited	Bangladeshi	#####	27,000	6,300,000
		<u>90,000</u>	<u>90,000</u>	2,700,000
				<u>9,000,000</u>
				2016
				Taka
4 Retained earnings				
Opening Balance				(29,251,345)
Add: Net Profit after tax in the reporting period				(3,258,621)
Balance as on 31st March, 2016				<u>(32,509,966)</u>
5 Share Money deposit				<u>10,520,400</u>



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6 Fixed assets at cost - less accumulated depreciation

Fixed assets at cost:

Balance as on 1st April

Add: Additions during the year

584,559

Less: Adjustments/disposal during the year

Balance as on 31st March

584,559

Accumulated depreciation:

Balance as on 1st April

Add: Charged during the year

258,444

Less: Adjustments/disposal during the year

Balance as on 31st March

85,271

343,715

The details of fixed assets are shown in Annexure - A

343,715

240,844

7 Preliminary Expenses

Less: Amortizaion of Expenses

133,238

66,620

66,618

The preliminary expenses represent the amount spent for incorporation of the Company. The preliminary expenses include Stamping fees, Company registration fees, authorized capital registration fees, certification of memorandum and articles of assossiation and other allied pre-incorporation expenses. The entire amount will be amortized over a period of 05 years.

8 Inventory

Inventory includes sample of fabrics & garments, design, paattern & order sheet, spares, accessories & stationery. At the close of business on 31st march 2016, the inventory is stated at cost or net realisable value whichever is less .

247,802

9 Cash & Bank Balance

Cash at Bank

Cash in hand

1,332

3,619

4,951

10 Advance, Deposit & Prepayments

Loans & Advance(Office & Guest House Rent)

Deposits against Asset Purchases

Staff Advance

1,375,269

708,944

4,628

2,088,841

It represent the security money deposited , advance paid to staff, advance office rent and other advance for procurement of goods and services.

2016

Taka

11 Loan & advance

This amount represent the the fund receivables from its sponsor's office Arvind Ltd, bangalore, India derived from rendering services to them.



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12 Current liabilities

Duties & Taxes
 Provision (office rent, security deposit etc)
 Audit fees payable
 Withholding VAT payable
 Sundry Creditors

792,813
14,319,347
50,000
65,352
411,111
15,638,623

13 Provision for Income Tax

The tax rate of the company is 35%. The company disclosed a before tax net loss of BDT 31,26,648.00 & the company don't have any revenue, so the company didn't charged any tax at the close of business as at 31st March, 2016.

14 Turnover

Generally Company earned profits and fees & commission by providing technical, marketing expertised services & solutions and arranging export order to different garments manufacturer.

15 General Administrative, Marketing & Selling Expenses

Audit Fees	50,000
Bank Charge	16,450
Licenses renewal Fees & Expenses	52,613
Telephone & Mobile Exp.	13,400
Office Maintainance	17,000
Salaries, Allowences, Expenses Reimbursement, Benefits	2,442,634
Professional & consultancy fees	368,681
Travelling Exp.	39,750
Travelling Exp & Work permit Expenses.- VISA	6,260
Amortizaion of Preliminary Expenses	66,620
Depreciation	85,271
Withholding Vat expense	99,942
	3,258,621

16 Contingent liability

The company is not contingently liable for any guarantee given to third party nor for any litigation as of 31st March 2016.

16.1 Bill of exchange with the bank

16.2 Guarantee outstanding

16.3 Other contingent liability (Insurance claim)

16.4 Claims against the company not acknowledged as debts

16.5 Capital expenditure commitments

i) Contracted but not accounted for

ii) Approved but not contracted for

16.6 Commitment for payment against L/C

17 Number of employees

The total number of employees at the end of the year was (2016: 08)

Particulars
 Factory workers
 Head office staff
 Total

Number of
 employees

7
 7



16 Related Parties Transactions

(Figures in Bangladesh Taka)

Inter Company	Purpose	Balance (payable) Receivable as on 1st April 2015	Amount (Invoiced to Co) Invoiced by Co. during the year	Amount received during the year	Balance (Payable) Receivable as 31st March 2016
Arvind Limited	Travelling cost Reimbursement	(6,056,033)	-	-	(6,056,033)
Nitol Motors Limited	Rent of Office Premises	(7,314,596)	-	-	(7,314,596)
Nitol Motors Limited	Deposit for Office Premises	(699,944)	-	-	(699,944)
	Total	(14,070,573)	-	-	(14,070,573)

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18 Related Parties Transactions

(Figures in Bangladesh Taka)

Inter Company	Purpose	Balance (payable) Receivable as on 1st April 2015	Amount (Invoiced to Co) Invoiced by Co. during the year	Amount received during the year	Balance (Payable) Receivable as 31st March 2016
Arvind Limited	Travelling cost Reimbursement	(6,056,033)	-	-	(6,056,033)
Nitol Motors Limited	Rent of Office Premises	(7,314,596)	-	-	(7,314,596)
Nitol Motors Limited	Deposit for Office Premises	(699,944)	-	-	(699,944)
	Total	(14,070,573)	-	-	(14,070,573)



Arvind Niloy Exports (Pvt.) Ltd.
Schedule of Fixed Assets
as at 31st March 2016

Particulars	C O S T				D E P R E C I A T I O N				Written down value as at 31st March 2016	
	Balance as at 1st April 2015	Additions during the year	Disposal during the year	Balance as at 31st March 2016	Rate (%)	Balance as at 1st April 2015	Charges for the year	Adjustments during the year		Balance as at 31st March 2016
	(Figures in Bangladesh Taka)									
Office Equipments	40,731	-	-	40,731	20%	15,852	4,976	-	20,828	19,903
Office Computers	125,300	-	-	125,300	60%	75,180	30,072	-	105,252	20,048
Office Furniture	418,528	-	-	418,528	20%	167,412	50,223	-	217,635	200,893
Total 2016	584,559	-	-	584,559		258,444	85,271	-	343,715	240,844

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