

AUDITOR'S REPORT
ON
THE FINANCIAL STATEMENTS
OF
ARVIND NILOY EXPORT (PVT.) LTD.
FOR THE YEAR ENDED 31ST MARCH, 2013

ZAHUR & MOSTAFIZ

Chartered Accountants

Member firm of **Kreston International**

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

Introduction

We have audited the accompanying financial statements of **Arvind Niloy Export (Pvt.) Ltd.** which comprise the statement of financial position as at March 31, 2013, and the statements of comprehensive income, changes in equity and cash flows 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 financial position as at March 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards, the Companies Act 1994 and other applicable laws and regulations.

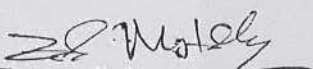
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We also report that:

- 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 those books ; and
- c) The statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of accounts and returns.


Zahur & Mostafiz
Chartered Accountants

Date: 8th April 2013
Dhaka.

Kreston International

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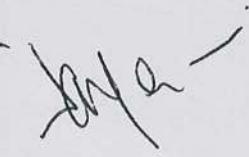
Chartered Accountants

Arvind Niloy Exports (Pvt.) Ltd.
Statement of Financial Position
As at 31st March 2013

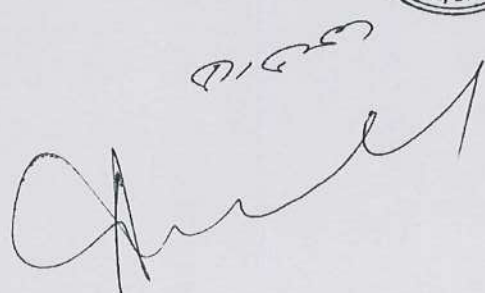
	<u>Notes</u>	<u>2013</u> <u>Taka</u>
SOURCES OF FUNDS		
Shareholders' Funds		
Share capital	3	4,000,000
Retained earning		(3,021,608)
		978,393
 APPLICATIONS OF FUNDS		
Non Current Assets		
Fixed Assets	4	25,100
Preliminary expenses	5	266,478
Current Assets		
Inventory	7	-
Cash and bank balances	8	2,962,514
Advance, Deposit & Prepayments	9	881,944
		3,844,458
Less: Current Liabilities and Provisions		
Accrued & accounts payable	10	3,157,643
Income tax provision	11	-
		3,157,643
Net Current Assets		686,815
		978,393

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

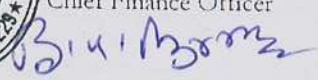
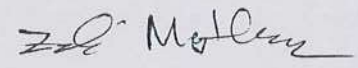
Managing Director



Director




Chief Finance Officer

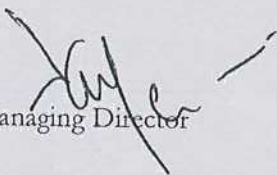
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Arvind Niloy Exports (Pvt.) Ltd.
Statement of Comprehensive Income
for the year ended 31st March 2013

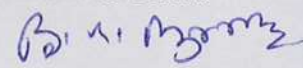
	Notes	2013 Taka
Turnover	12	
Less: General Administrative, Marketing & Selling Exp.	13	3,021,608
Operating profit		(3,021,608)
Add: Non-operating income	14	-
Less: Non - operating expenses	15	(3,021,608)
Net Profit before tax		(3,021,608)
Provision for tax:		-
Net Profit for the year transferred to retained earnings		(3,021,608)

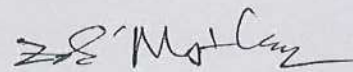
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Managing Director


Director




Chief Finance Officer



Zahur & Mostafiz
Chartered Accountants

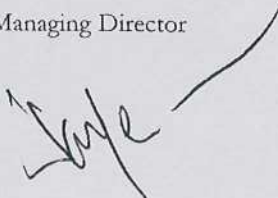
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Arvind Niloy Exports (Pvt.) Ltd.
Statement of Cash Flows
for the year ended 31st March 2013

	2013 Taka
Cash flows from operating activities	
Net Profit for the year	(3,021,608)
Adjustments for non-cash items	
Depreciation	-
Amortizaion of Preliminary Expenses	66,620
Operating profit before changes in working capital	(2,954,988)
Changes in working capital	
(Increase)/ decrease in inventories/work in progress	-
(Increase)/ decrease in trade and other debtors	-
(Increase)/ decrease in advance, deposit & prepayments	(881,944)
(Increase)/ decrease in advance against sales	-
increase/(decrease) in inter-company payables	-
Increase/ (decrease) in current liabilities liabilities	3,157,643
Increase/ (decrease) in short term loan	-
Increase/(decrease) in provisions for tax	-
(Increase)/decrease in Preliminary Expenses	-
	2,275,699
Cash generated from operating activities	(679,288)
Less: Tax paid	-
Net cash flow from operating activities	(679,288)
Cash flows from investing activities	
Acquisition of fixed assets	25,100
Un-allocated revenue expenditure & Preliminary expenses	333,098
Net cash used in investing activities	(358,198)
Cash flows from financing activities	
Allotment of shares	4,000,000
Net cash flow from financing activities	4,000,000
Net increase/(decrease) of cash and bank balances for the year	2,962,514
Cash and bank balances at the beginning of the year	-
Cash and bank balances at the end of the year	2,962,514

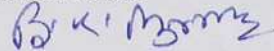
Managing Director



Director



Chief Finance Officer



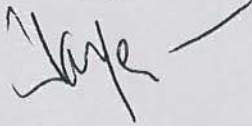

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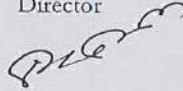
Arvind Niloy Exports (Pvt.) Ltd.
Statement of Changes in Equity
for the year ended 31st March 2013

Particulars	Share capital (Taka)	Retained earning (Taka)	Share Money (Taka)	Total (Taka)
Balance as on Inc. Date	4,000,000			4,000,000
Sharemoney deposited				-
Net profit for the year 2013	-	(3,021,608)	-	(3,021,608)
Dividend paid for 2012	-	-	-	-
Balance as of 31st March 2013	4,000,000	(3,021,608)	-	978,393

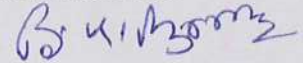
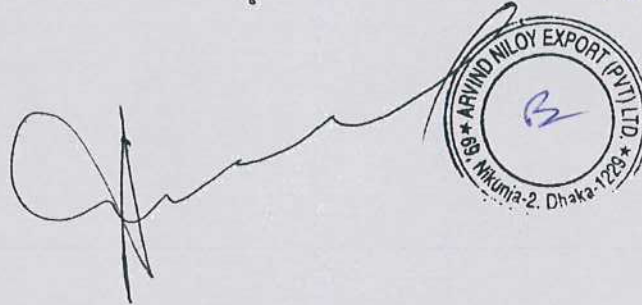
Managing Director



Director



Chief Finance Officer


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Arvind Niloy Exports (Pvt.) Ltd.
Notes to the Financial Statements
for the year ended 31st March 2013

1 Status and activity of the company

Arvind Niloy Export (Pvt.) Ltd. is a private company limited by shares and was incorporated in 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 individually 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 International 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 useful lives</u>
Office Equipment	20.00	

As the Company could not start its business, it doesn't charge any depreciation on fixed assets.



B. K. Islam



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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 invoiced amount.

2.06 Intercompany payables

Intercompany payables are usually settled on 60 days terms and are carried at cost.

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 are recognized net of discounts when the goods are delivered and accepted by customers . The Company does'nt have any policy to recover Interest from debtors for delayed payments.

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.



B. M. Mostafiz



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

2.12 General

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



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2013
Taka

3 Share Capital

Authorized capital

"5,00,000 ordinary shares of Taka 100 each 50,000,000

Issued, subscribed and paid-up capital

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

Name of shareholder	Nationality	Amount in Taka	
		No of shareholdings	2013
Arvind Limited	Indian	28,000	2,800,000
Nitol Motors Limited	Bangladeshi	12,000	1,200,000
		<u>40,000</u>	<u>4,000,000</u>

4 Fixed assets at cost - less accumulated depreciation

Fixed assets at cost:

Balance as on Inc. Date	-
Add: Additions during the year	<u>25,100</u>
	25,100
Less: Adjustments/disposal during the year	-
Balance as on 31st March	<u>25,100</u>

Accumulated depreciation:

Balance as on Inc. Date	-
Add: Charged during the year	<u>-</u>
	-
Less: Adjustments/disposal during the year	-
Balance as on 31st March	<u>25,100</u>

The details of fixed assets are shown in **Annexure - A**

5 Preliminary Expenses

	333,098
Less: Amortizaion Expenses	<u>66,620</u>
	<u>266,478</u>

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 assosiation and other allied pre-incorporation expenses. The entire amount will be amortized over a period of 05 years.

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2013

Taka

7 Inventory

Inventory includes sample of fabrics & garments, design, pattern & order sheet, spares, accessories & stationery. At the close of business on 31st march 2013, there is nothing left in the Company.

8 Cash & Bank Balance

Cash at Bank	2,938,846
Cash in hand	23,668
	2,962,514

9 Advance, Deposit & Prepayments

Loans & Advance(Office & Guest House Rent)	879,944
Staff Advance	2,000
	881,944

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

10 Current liabilities

Duties & Taxes	210,938
Provision	50,806
Sundry Creditors	2,895,899
(Office rent payable, Security deposit payable & Tax Payable)	3,157,643

2013

Taka

11 Provision for Income Tax

The tax rate of the Company is 37.5%. The Company disclosed a net loss of BDT 3,021,608/= and therefore the company is not liable for provide a current tax expense for the A Y 2013-2014.

12 Turnover

During this period the company has no Turnover. Generally Company earned profits and fees & commission by providing technical , marketing expertised services & solutions and arranging export order to different garments manufacturer.

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2013

Taka

13 General Administrative, Marketing & Selling Expenses

Audit Fees	50,000.00
Bank Charge	3,345.00
Boarding & Loading Exp.(Travel for business development)	505,485.88
Canteen Exp.	290.00
Car Exp.-Overtime	2,240.00
Car Fuel-CNG	10,897.00
Car Fuel-Octan	5,990.00
Conveance Exp.	6,503.44
Courier Exp.	27,794.64
Custom Duty	1,395.68
Electricity Exp.	8,600.00
Fitting & Fixtures	710.00
Guest House-Agent Fee	10,000.00
Guest House Expenses	36,151.20
Guest House Exp- Electricity	353.00
Guest House Exp.-Food	22,565.00
Guest House Exp.-Utensils	1,500.00
Security & House Keeping Exp.	40,088.00
Local Conveyance	3,892.00
Mobile Exp.	16,475.68
Office Exp.-Canteen	814.00
Office Exp.- Maintainance	3,500.00
Office Internet- Router Fee	5,806.00
Parking Fees	165.00
Printing & Stationry	3,244.24
Rent- Guest House	180,000.00
Rent-Office	1,049,916
Repair & Maintainance	1,000.00
Salary	144,123.00
Sample Development CHG	16,518.54
Travelling Exp.-Air Fare	518,055.14
Travelling Exp.- VISA	21,306.81
Travelling- Other Exp.	56,470.25
VAT 15% on Audit Fees	7,500.00
VAT 4.5% on Car Rent	3,375.00
VAT 9% on Guest House	16,200.00
VAT 9% on Office Rent	94,492.00
VAT 9% on Printing	275.00
Vehical Hire CHG	75,000.00
WI-FI Internet Fee-Guest House	2,600.00
Water Exp.	350.00
Amortizaion of Preliminary Expenses	66,620.00
Depreciation	
	3,021,607.50

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2013
Taka

15 Non - operating income

Non operating income includes sales of scraps, cartoon and interest on bank deposit. During the year the Company didn't earn anything from the above noted source.

16 Financial expenses

Financial expenses includes interest on bank loan and hire-purchase obligation. The Company doesn't have any obligation with any bank and financial institute and as to why, it doesn't have anything to claim under the head financial expenses.

17 Contingent liability

The company is not contingently liable for any guarantee given to third party nor for any litigation as of 31st March 2013.

17.1 Bill of exchange with the bank	-
17.2 Guarantee outstanding	-
17.3 Other contingent liability (Insurance claim)	-
17.4 Claims against the company not acknowledged as debts	-
17.5 Capital expenditure commitments	-
i) Contracted but not accounted for	-
ii) Approved but not contracted for	-
17.6 Commitment for payment against L/C	?

18 Number of employees

The total number of employees at the end of the year was (2013: 03).

<u>Particulars</u>	<u>Number of employees</u>	<u>Number of employees</u>
Factory workers	3	
Head office staff		
Total	3	0

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B. Y. Mostafiz



19 Related Parties Transactions

(Figures in Bangladesh Taka)

Inter Company	Purpose	Balance payable as on Inc. Date	Amount invoiced during the year	Amount received during the year	Balance receivable as on 31st March 2013
Arvind Limited	Travelling cost Reimbursement		1,208,160		
Nitol Motors Limited	Rent of Office Premises		1,049,916		1,208,160
Nitol Motors Limited	Deposit for Office Premises		699,944		1,049,916
	Total	-	2,958,020	-	2,958,020



B. u. Mostafiz

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Page

Arvind Niloy Exports (Pvt.) Ltd.
Schedule of Fixed Assets
as at 31st March 2013

(Figures in Bangladesh Taka)

Particulars	C O S T			Rate (%)	D E P R E C I A T I O N				Written down value as at 31st March 2013
	Balance as on Inc. date	Additions during the year	Disposal during the year		Balance as at 31st March 2013	Charges for the year	Adjustments during the year	Balance as at 31st March 2013	
Office Equipments		25,100		25,100	20%				25,100
Total 2013	-	25,100	-	25,100					25,100

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Chartered Accountants



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