

PRIVATE & CONFIDENTIAL

AUDITOR'S REPORT

&

FINANCIAL STATEMENTS

OF

KUSHTIA SUGAR MILLS LTD.

KUSHTIA

FOR THE YEAR ENDED JUNE 30, 2019

JOINTLY SUBMITTED BY:

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Kushtia Suger Mills Limited

Jagati, Kushtia

For the year ended June 30, 2019

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Independent Auditor's Report
To the shareholders of Kushtia Sugar Mills Ltd
Report on the Audit of the Financial Statements

Qualified Opinion:

We have audited the financial statements of Kushtia Sugar Mills Ltd. Which comprise the statement of financial position as at June 30 2019, and the statement of 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 accompanying financial statements present fairly, in all material respects, the financial position of the company as at June 30 2019, 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:

01. As per Para -51 of IAS 16, the residual value and useful life of an assets shall be reviewed at least at each financial year end and if expectations differ from previous estimates, the changes shall be accounted for as a change in an accounting estimate in accordance with IAS – 8. But such review has not been made by the management of the company.
02. As per Para 55 of IAS-16, depreciation on addition to fixed assets have to be charged when they are available for use but whole year depreciation has been charged on addition to fixed assets irrespective of the date of acquisition. In consequence of that profit may be understated due to excess depreciation has been charged.
03. Impairment review on fixed assets has not been done as required by IAS-36, in consequence the net assets value of the company is overstated.



04. As per IAS-2 inventories are to be valued at the lower of cost and net realizable value. But the inventories of the company are valued at cost. In consequence the value of the inventories are overstated as a result profit may be overstated and current assets value also overstated at the end of the year.
05. No disclosure or explanation has been given in notes the accounts about the going concern of the company. But as per our judgment there is a going threat on the entity's continues loss (cumulative loss BDT. 4,821,788,864), negative cash inflow and current liabilities are much more than current assets.
06. Kushtia Sugar Mills has taken loan form employer provident fund which stands Tk. 56,941,403.00 as on June 30, 2019 but no interest is charging against such loan from employee provident fund.
07. As per note no. 19.01 (Annexure-6) the notes to the financial statements BDT 13,754,763.00 has been shown as stock in transit. But the amount has been carry forwarded from last few years which is not justified and in this regard, the management of the mill could not give supporting documents or complete information in favor of stock in transit.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matters provided in that context.

Risk	Our response to the risks
Physical Existence of Inventory	
<p>As our audit was postdated, we could not verify the inventories physically.</p> <p>Moreover, mills management as well on 30 June 2019 did not do the verification of stocks.</p>	<p>But subsequently, we verified the stock physical on test basis and found in order.</p>



