

PRIVATE & CONFIDENTIAL

MOBARAKGONJ SUGAR MILLS LIMITED

Audit Report on the Financial Statements
For the Year ended 30th June, 2019.

KHAN WAHAB SHAFIQUE RAHMAN & CO.
CHARTERED ACCOUNTANTS

Rupali Bima Bhaban
7, Rajuk Avenue (5th & 6th Floor)
Dhaka-1000.

S.R. BOSE & CO.
CHARTERED ACCOUNTANTS

15th Floor, Suite No. F+L,
Dhaka Trade Centre 99,
Kazi Nazrul Islam Avenue,
Kawran Bazar, Dhaka-1215.

Independent Auditor's Report
To the Bangladesh Sugar and Food Industries Corporation (BSFIC) Authority of
Mobarakganj Sugar Mills Limited.

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the financial statements of **Mobarakganj Sugar Mills Limited** (the company), which comprise the statement of financial position as at 30 June, 2019, and 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements do not present fairly the financial position of **Mobarakganj Sugar Mills Limited** as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion:

1. The Company incurred a net loss of **Tk. 925,360,584** during the year ended 30 June 2019 and the accumulated loss of the company as on 30 June 2019 stands at **Tk. 5,065,361,019**. As of that date, the Company's current liabilities stood **Tk. 5,061,894,579** and non-current liabilities stood **Tk. 397,032,055** which exceeded its total assets of **Tk. 429,445,945** by **Tk. 5,029,480,690**. We also draw attention to the production difficulties, inability to pay creditors on due dates, inefficiency of key management and negative operating cash flows indicated by financial statements of the company. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and that the financial statements do not adequately disclose this matter.
2. An amount of **Tk. 10,306,718** has been added to Plant & Machinery for the year ended June 30, 2019 in Fixed Asset Schedule which include **Tk. 1,938,601** in respect of addition of new Factory Plant & Machineries (Ref: Journal Voucher 664 dated 30 June 2019). The management did not provide us any supporting evidence for **Tk. 1,938,601** of fixed addition during the year for our verification. We have ground to believe that the transaction is more likely to be doubtful transaction. Therefore, the financial statements do not reflect true and fair view.
3. "Loans and Advances" as disclosed in Note No. 12.00 of the financial statements has been calculated and presented in an offsetting manner which is a clear violation of Para 32 of IAS 1 "Presentation of financial statements".



Moreover Tk. 4,955,292 representing "Loans and Advances" have remained unadjusted since long which is not recoverable any more. As such in our judgment the assets and equity have been overstated by Tk. 4,955,292.

Instances are given below:

Name of Party	Balance as on 01.07.2018 (As per Ledger)	Balance as on 30.06.2019 (As per Ledger)
Mr. Obaidur Rahman (Against Salaries)	11,718	11,718
" Jalal Uddin (Against Salaries)	11,400	11,400
" A. Mannan (Against Salaries)	11,000	11,000
" Jamal Hussain (Against Salaries)	14,000	14,000
" Shirazul Islam-2 (Other Loans&Advance)	10,307	10,307
" Ataul Haque (Jehad) (Other Loans&Advance)	11,696	11,696
" Alomgir Hossain (Against TA/DA)	11,000	11,000
" Ohidul Islam (Against TA/DA)	28,000	28,000
" Abul kashem(Against Expense)	12,775	12,775
" Abu Taher Bhuiyan (Against Expense)	12,367	12,367
" Bidhan Kr. Roy (Against Expense)	(15,337)	(15,337)
" Aizizur Rahman (Against Expense)	18,954	18,954
" Mokhlesur Rahman (Against Expense)	12,611	12,611
" Bijoy Kumar (Against Expense)	30,162	30,162
" Krishno Kumar (Against Expense)	16,945	16,945
" Shahajan Ali (Against Expense)	10,692	10,692
" Laltu Mondal (Against Expense)	12,000	12,000
" Nazrul Islam-2 (Against Expense)	23,500	23,500
" Nirmal Kumar(S) (Against Expense)	13,686	13,686
" Ohidul Islam(S) (Against Expense)	19,000	19,000
M/s Mechinery Bill (Ho) (Against Supplies)	398,767	398,767
" Nitol TATA Companies (Against Supplies)	2,099,000	2,099,000
" Sonali Flower Mills (Against Supplies)	61,307	61,307
" Latif Jut Mills (Against Supplies)	134,980	134,980
" TA-Sin Enterprise (Against Supplies)	529,066	529,066
" Shohel Limited (Against Supplies)	1,375,696	1,375,696
"Enterprise (Against Supplies)	80,000	80,000
Total	4,955,292	4,955,292

We draw attention that the Official had been posted receivable and payable transaction in same ledger. For this reason closing balance of loan and advances figure have been shown net off balance. But receivable and payable party name were not same most of the cases. So, actual figures of "Loan and Advances" have not been shown in the financial statements.

4. The company did not recognize deferred tax liability/assets following IAS-12. "Income tax" on taxable/deductable temporary differences.



