

AUDITOR'S REPORT & ACCOUNTS

OF

NATORE SUGAR MILLS LIMITED
Natore

For the year ended 30th June-2019.

Submitted By:

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**Independent Auditors' Report to the Shareholders
of
Natore Sugar Mills Ltd.**

Qualified Opinion

We have audited the financial statements of **Natore Sugar Mills Ltd.** (the Company), which comprise the statement of financial position as at 30 June, 2019, 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, 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 30 June, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

- a) The Company has been incurring loss year after year. Its accumulated loss was Tk. 5,499,582,016 as at 30 June, 2019 and, as of that date the Company's current liabilities exceeded its total assets by Tk. 2,808,264,667. These conditions or events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.
- b) We could not verify inter project current account amounting to Tk. 11,678,955 as we have not been provided with receivable statement letters of various mills and joint reconciled statement.
- c) No documentary evidence was produced to us in support of ADP loan amounting to Tk. 3,844,000 which has been carried forward since establishment of the Company in 1984.
- d) Cane payable to growers amounting to Tk. 1,132,206 includes Tk. 331,881 which has been carried forward ranging from 5 years to 17 years without any adjustment.
- e) Accounts receivable for aggregate amount of Tk. 6,604,921 could not be verified satisfactorily in the absence of aging analysis, subsequent collection statement and confirmation of balances.
- f) No satisfactory explanation was provided to us with regard to non-deposit of collection of Tk. 671,320 in Agrani Bank Ltd., Nasumi Branch, Natore (CD # 0200005868493) despite the fact that 8 months had already been passed since collection. Moreover, Tk. 1,557,270 was deposited in the same bank account during 26 June, 2018 to 12 December, 2018 with no corresponding recording in Cash Book till date of our audit in 17 November, 2019.
- g) Sire-in-transit in the amount of Tk. 1,962,027 remained unadjusted since 2016-2017.
- h) Advance, deposits and payments included recoverable fertilizer insecticides shortage in the amount of Tk. 521,575 which remained un-recovered since long.
- i) The Company had not yet deposited VAT and Income Tax in the amount of Tk. 3,683,258, deducted at source mainly from the contractors' and suppliers' bills, to the government treasury in order to comply with the Income Tax Ordinance, 1984 and VAT Act, 1991.
- j) Neither physical verification nor impairment test was carried out for assets amounting to Tk. 744,830,595.

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), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with IFRSs, 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.

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.

Auditor's 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.

- * 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 disclosures 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.



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

Subject to matters contained in the Basis for Qualified Opinion section, we also report that:

- a) We have obtained all the material information and explanations which to the best of our knowledge and belief where necessary for the purposes 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 profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.


HUDA HOSSAIN & CO.
CHARTERED ACCOUNTANTS

Dated; Dhaka.
18 November-2019


J. U. AHMED & CO.
CHARTERED ACCOUNTANTS



