

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
OF
ION EXCHANGE ENVIRONMENT MANAGEMENT (BD) LTD.
AS AT AND FOR THE YEAR ENDED 31 MARCH 2020**



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**Independent Auditors' Report
to the shareholders of
Ion Exchange Environment Management (BD) Ltd.**

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Ion Exchange Environment Management (BD) Ltd., which comprise the Statements of financial position as at 31 March 2020 and the statement of profit and 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulation.

Basis for opinion

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 to 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) together with ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (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. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

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.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditors' Responsibility 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



AHMED MASHUQUE & CO.

Chartered Accountants

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.
- 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. 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 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 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 company's 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.

Dated,
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants

M.H.

Ion Exchange Environment Management (BD) Ltd.
Statement of financial position
As at 31 March 2020

	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>31 March 2020</u>	<u>31 March 2019</u>
Assets			
Non-current assets		2,853,518	2,462,350
Property, plant and equipment	5.00	2,853,518	2,462,350
Current assets		88,087,013	103,431,673
Inventories		27,320,756	41,775,926
Advances, deposits and prepayments	6.00	5,498,811	5,163,494
Sundry debtors		39,576,064	42,763,058
Advance income tax	7.00	2,017,394	2,308,715
Cash and cash equivalents	8.00	13,673,988	11,420,480
Total assets		90,940,531	105,894,023
Shareholders' equity and liabilities			
Shareholders' equity		36,156,603	37,159,559
Share capital	9.00	5,586,200	5,586,200
Retained earnings		30,570,403	31,573,359
Current liabilities		54,783,927	68,734,464
Sundry creditors		21,892,909	17,440,422
Bank overdraft	10.00	-	9,307,502
Advance from customers		18,890,618	25,062,667
Payable for expenses and other	11.00	11,983,007	14,003,741
Provision for income tax		2,017,394	2,920,131
Total shareholders' equity and liabilities		90,940,531	105,894,023

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

Director

Director

Signed in terms of our separate report of even date annexed.

Dated
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants

m.d. h.



Ion Exchange Environment Management (BD) Ltd.
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2020

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>01 April 2019 to 31 March 2020</u>	<u>01 April 2018 to 31 March 2019</u>
Revenue (Net)		139,532,915	155,977,555
Less: Expenditure		138,518,476	147,662,767
Direct cost	13.00	103,848,514	113,889,157
Personnel cost		16,355,450	15,163,319
Operating and other expenses	14.00	17,232,672	17,950,624
Financial expenses		577,667	219,175
Depreciation		504,172	440,493
Net profit/(loss) before tax		1,014,438	8,314,788
Less: Income tax expenses		2,017,394	2,920,131
Net profit/(loss) after tax		(1,002,956)	5,394,657
Add: Other comprehensive income		-	-
Total comprehensive income		(1,002,956)	5,394,657

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


Director

Director

Signed in terms of our separate report of even date annexed.

Dated
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants


Md. H. I.



Ion Exchange Environment Management (BD) Ltd.
Statement of changes in equity
For the year ended 31 March 2020

<u>Particulars</u>	<u>Amount in Taka</u>		
	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance as at 01 April 2018	5,586,200	26,178,703	31,764,903
Profit/ (loss) for the year	-	5,394,657	5,394,657
Balance as at 31 March 2019	<u>5,586,200</u>	<u>31,573,359</u>	<u>37,159,559</u>
Balance as at 01 April 2019	5,586,200	31,573,359	37,159,559
Profit/ (loss) for the year	-	(1,002,956)	(1,002,956)
Balance as at 31 March 2020	<u>5,586,200</u>	<u>30,570,403</u>	<u>36,156,603</u>

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

Director

Director

Signed in terms of our separate report of even date annexed.

Dated
Dhaka.


Ahmed Mashuque & Co.
Chartered Accountants
M.A.H.



Ion Exchange Environment Management (BD) Ltd.
Statement of cash flows
For the year ended 31 March 2020

<u>Particulars</u>	<u>Amount in Taka</u>	
	01 April 2019 to 31 March 2020	01 April 2018 to 31 March 2019
Cash flow from operating activities:		
Net profit /(loss) after tax	(1,002,956)	5,394,657
Adjustment for depreciation	504,172	440,493
Net profit before change in working capital components	<u>(498,783)</u>	<u>5,835,149</u>
Change in working capital components	3,647,632	5,784,015
(Increase)/ decrease in current asset	17,598,168	(6,201,259)
Inventories	14,455,170	(13,934,021)
Sundry debtors	3,186,994	2,065,733
Advances, deposits and prepayments	(335,317)	7,874,821
Advance income tax	291,321	(2,207,792)
Increase/ (decrease) in current liabilities	(13,950,536)	11,985,274
Sundry creditors	4,452,486	1,835,233
Bank overdraft	(9,307,502)	8,882,545
Advance from customers	(6,172,049)	(835,994)
Provision for income tax	(902,737)	2,920,131
Payable for expenses and other	(2,020,734)	(816,641)
A. Net cash flow from operating activities	<u>3,148,848</u>	<u>11,619,165</u>
Cash flow from investing activities:		
Acquisition of fixed assets	(895,340)	(382,880)
B. Net cash flow from investing activities	<u>(895,340)</u>	<u>(382,880)</u>
Cash flow from financing activities:		
C. Net cash flow from financing activities	<u>-</u>	<u>-</u>
Net cash increase/(decrease) in cash and cash equivalents (A+B+C)	<u>2,253,508</u>	<u>11,236,285</u>
Add: Cash and cash equivalents at the beginning of the year	11,420,480	184,195
Cash and cash equivalents at the end of the year	<u>13,673,988</u>	<u>11,420,480</u>

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

Director

Director

Signed in terms of our separate report of even date annexed.

Dated
Dhaka.



Ahmed Mashuque & Co.
Chartered Accountants

(Signature)
Md. H.

Ion Exchange Environment Management (BD) Ltd.

Notes to the financial statements

As at and for the year ended 31 March 2020

1.00 Legal status of the company

Ion Exchange Environment Management (BD) Ltd. is a private limited company incorporated on 26 February 2006 in Bangladesh under the Companies Act, 1994 vide incorporation # C-60662(2671)/06 with an authorized capital of Tk. 10,000,000 divided into 100,000 ordinary shares of Tk. 100 each. The present registered office of the company is located at Jamur, Kandachor, Hemayetpur, Savar, Dhaka, Bangladesh.

2.00 Nature of business

The principal activities of the company are to Import, Export, Selling, Distribution of machinery and spares.

3.00 Components of financial statements

The financial statements comprise the following:

- (i) Statement of financial position as at 31 March 2020;
- (ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2020;
- (iii) Statement of changes in equity for the year ended 31 March 2020;
- (iv) Statement of cash flows for the year ended 31 March 2020; and
- (v) Notes to the financial statements as at and for the year ended 31 March 2020.

4.00 Summary of significant accounting policies

4.01 Presentation of financial statements and basis of accounting

These financial statements have been prepared following generally accepted accounting principles under historical cost convention and after due compliance with International Financial Reporting Standards (IFRS), the Companies Act, 1994 and other applicable laws and regulations.

4.02 Revenue recognition

Revenue is measured at the fair market value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. When the outcome of the transaction can be measured reliably, revenue from rendering service is recognized by reference to the stage of completion at the date of financial position .

4.03 Provisions

Provisions are recognized when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle the obligation at the date of financial position.

4.04 Inventories

As per IAS-2, Inventories are stated at the lower of cost and net realizable value.

4.05 Depreciation

Depreciation has been charged on property, plant and equipment on reducing balance method. The rate is given below:

<u>Particulars:</u>	<u>Rates</u>
Furniture and Fixtures	10%
Equipment	20%
Computer and Accessories	18%
Lab Equipments	18%
Warehouse Building	10%

4.06 Cash and cash equivalents

It indicates cash in hand and bank deposits, which were held and available for use by the company without any restriction.

4.07 Reporting period

The financial period of the company has been determined to be from 01 April to 31 March each year. These financial statements cover one year from 01 April 2019 to 31 March 2020.



4.08 Reporting currency and level of precision

All the figures in the financial statements are presented in Bangladeshi Taka currency (BDT) and rounded off to the nearest taka.

4.09 Comparative figures

Comparative figures have been regrouped/reclassified wherever found necessary to conform to the presentation adopted in these financial statements.

4.10 Provision for income tax

Provision for income tax has been made in line with the provision of the Income Tax Ordinance, 1984.

	Amount in Taka	
	31 March 2020	31 March 2019
5.00 Property, plant and equipment	2,853,518	2,462,350
This represents the Written down value of capital assets held by the company as at the date of financial position. Details schedule of property, plant and equipment has been enumerated in Schedule - A .		
6.00 Advances, deposits and prepayments	5,498,811	5,163,494
Advance for rental of premises and guest house	1,255,000	1,255,000
Advance to employees	144,000	121,000
VAT current A/C	2,002	48,962
L/C margin	2,249,548	683,281
Other advance	30,000	30,000
Advance for commission	400,000	-
Advance to suppliers	266,228	1,673,218
Security deposit for electric line	109,728	109,728
Bank guarantee margin	1,042,305	1,242,305
7.00 Advance income tax	2,017,394	2,308,715
Opening balance	2,308,715	100,923
Add: Addition during the year	2,017,394	2,207,792
Less: Adjustment during the year	(2,308,715)	-
8.00 Cash and cash equivalents	13,673,988	11,420,480
Cash in hand	191,785	184,090
Dhaka Bank Limited CD	1,336,673	1,236,090
State Bank of India, CD A/C	12,145,530	-
State Bank of India, CD A/C	-	300
Investment in FDR	-	10,000,000
9.00 Share capital		
Authorized share capital	10,000,000	10,000,000
(100,000 Ordinary Share @ Tk.100)		
Issued, Subscribed & Paid up Share Capital	5,586,200	5,586,200
(55,862 Ordinary Shares @ TK.100 each)		
The paid-up share capital of the company as on 31 March 2018 comprises the following:		
	5,586,200	5,586,200
Ion Exchange (India) Ltd. (55,859 Ordinary Shares @ Tk.100)	5,585,900	5,585,900
Mr. Dinesh Sharma (01 Ordinary Share @ Tk.100)	100	100
Mr. Jitendra Padmakar Pathare (01 Ordinary Share @ Tk.100)	100	100
Mr. Md. Julfikar Sheikh (01 Ordinary Share @ Tk.100)	100	100



10.00 Bank overdraft		
State Bank of India, CD A/C	-	9,307,502
11.00 Payable for expenses and other	11,983,007	14,003,741
Audit fees payable	86,250	86,250
Salaries and allowance payable	1,150,772	1,104,122
Provision for warranty support	1,146,344	2,021,344
TDS payable	27,385	20,285
VDS payable	-	-
Other Payable	9,572,255	10,771,739
12.00 Contingent liability		
Bank guarantee margin	1,042,305	1,242,305
	Amount in Taka	
	01 April 2019	01 April 2018
	to	to
	31 March 2020	31 March 2019
13.00 Direct cost	103,848,514	113,889,157
Cost of materials (13.01)	92,345,860	98,692,120
Other direct cost	11,502,654	15,197,037
13.01 Cost of Materials	92,345,860	98,692,120
Opening inventory	41,775,926	27,841,905
Add: Purchased during the year	77,890,691	112,626,141
Less: Closing inventory	(27,320,756)	(41,775,926)
14.00 Operating and other expenses	17,232,672	17,950,624
Rental of office premises and guest house	3,688,800	3,126,342
Conveyance	4,927,630	3,743,693
Legal and professional fees	257,275	246,600
Staff refreshment and welfare	1,981,752	1,574,267
Repair and maintenance	22,900	60,570
Office supplies	459,032	532,199
Telephone, mobile and fax	377,614	389,316
Internet and e-mail expenses	133,773	111,700
License, registration and renewal	89,507	95,043
Newspaper, books and periodicals	36,755	48,926
Housekeeping expenses	1,513,668	819,947
Insurance premium	140,136	132,524
Traveling expenses	813,885	1,455,413
Postage and delivery expenses	62,512	72,683
General and miscellaneous expenses	645,983	725,360
Fuel and lubricant	380,670	376,042
Utility bill	365,025	383,742
Bank charges	139,861	138,312
Audit fees	86,250	86,250
Advertisement expenses	30,000	30,000
Loading and unloading charges	226,230	154,440
Fair and exhibition expenses	337,533	1,162,907
Lab chemical	214,150	129,910
Water test expenses	55,600	36,645
Other expenses	123,368	2,024,689
Medical treatment expenses	109,563	275,904
Training expenses	13,200	17,200



15.00 Related party transactions

During the reporting period, the company entered into a number of transactions with related party. The name of the related party, nature of the transactions and amount thereof have been set out below in accordance with the provisions of IAS 24: "Related party disclosures".

Name of related party	Relationship	Nature of transactions	Transactions during the period	Outstanding as at 31 March 2020
			Taka	Taka
Ion Exchange (India) Ltd.	Holding company	Purchase of goods	21,545,824	4,779,967



Ion Exchange Environment Management (BD) Ltd.
Schedule of property, plant and equipment
As at 31 March 2020

SL	Particulars	Cost			Depreciation			Written Down Value (WDV) As at 31 March 2020
		Opening balance as at 01 April 2019	Addition during the year	Closing balance as at 31 March 2020	Rate	Charged during the year	Closing balance as at 31 March 2020	
1	Furniture and Fixtures	748,682	39,600	788,282	10%	38,568	441,170	347,112
2	Equipment	2,040,992	379,240	2,420,232	20%	213,758	1,565,199	855,033
3	Computer and Accessories	1,355,268	79,900	1,435,168	18%	92,857	1,012,154	423,014
4	Lab Equipments	964,409	33,000	997,409	18%	45,573	789,801	207,608
5	Warehouse Building	1,498,893	363,600	1,862,493	10%	111,167	861,992	1,000,501
	Total	6,608,244	895,340	7,503,584	-	501,922	4,670,316	2,833,268

Intangible assets

SL	Particulars	Cost			Depreciation			Written Down Value (WDV) As at 31 March 2020
		Opening balance as at 01 April 2019	Addition during the year	Closing balance as at 31 March 2020	Rate	Charged during the year	Closing balance as at 31 March 2020	
1	Accounting Software	25,000	-	25,000	10%	2,250	4,750	20,250
	Total	25,000	-	25,000	-	2,250	4,750	20,250
	Balance as at 31 March 2020	6,633,244	895,340	7,528,584	-	504,172	4,675,066	2,853,518
	Balance as at 31 March 2019	6,250,364	382,880	6,633,244	-	440,493	4,170,894	4,959,813



