

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

OF

ION EXCHANGE ENVIRONMENT MANAGEMENT (BD) LTD.

AS AT AND FOR THE YEAR ENDED 31 MARCH 2016



AHMED MASHUQUE & CO. *Chartered Accountants.*

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ION EXCHANGE ENVIRONMENT MANAGEMENT (BD) LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of Ion Exchange Environment Management (BD) Ltd., which comprise the statement of financial position as at 31 March 2016, 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, comprising 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 the Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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. Those standards require that we comply with the 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 the auditors' 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, the auditor considers 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 the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ion Exchange Environment Management (BD) Ltd. as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.




AHMED MASHUQUE & CO.
C H A R T E R E D A C C O U N T A N T S

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, 23 MAY 2016
20 Comrade Moni Singha Road
Dhaka.



Ahmed Mashuque & Co.
Chartered Accountants

Ion Exchange Environment Management (BD) Ltd.
Statement of financial position
As at 31 March 2016

	Notes	Amount in Taka	
		31 March 2016	31 March 2015
Assets			
Non-current assets			
Property, plant and equipment	5.00	2,166,653	2,097,912
Current assets			
Inventories		27,444,061	32,062,278
Advances, deposits and prepayments	6.00	9,867,751	5,674,917
Sundry debtors		31,868,267	17,068,491
Advance to suppliers		345,169	70,406
Cash and cash equivalents	7.00	5,321,457	7,686,951
Total assets		77,013,357	64,660,956
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	8.00	5,586,200	5,586,200
Retained earnings		22,245,181	17,545,445
Current liabilities			
Sundry creditors		7,145,740	7,715,960
Advance from customers		19,996,582	17,612,257
Other payables	9.00	21,943,929	15,494,066
Income tax payable	10.00	95,726	707,029
Total shareholders' equity and liabilities		77,013,357	64,660,956


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, 23 MAY 2016
Dhaka.


Ahmed Mashuque & Co.
Chartered Accountants



Ion Exchange Environment Management (BD) Ltd.
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2016

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		01 April 2015 to 31 March 2016	01 April 2014 to 31 March 2015
Revenue (Net)		136,360,952	109,770,905
Less: Expenditure		127,273,392	101,977,133
Direct cost	11	100,073,914	80,388,179
Personnel cost		11,584,751	9,856,413
Operating and other expenses	12	15,215,041	11,257,286
Financial expenses		8,821	100,000
Depreciation		390,864	375,254
Net profit/(loss) before tax		9,087,560	7,793,772
Less: Income tax expenses		3,180,646	2,727,820
Net profit/(loss) after tax		5,906,914	5,065,952
(Balance transferred to statement of changes in equity)			

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, 23 MAY 2016
Dhaka.



Ahmed Mashuque & Co.
Chartered Accountants



Ion Exchange Environment Management (BD) Ltd.
Statement of changes in equity
For the year ended 31 March 2016

<u>Particulars</u>	<u>Amount in Taka</u>		
	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance as at 01 April 2014	5,586,200	12,479,493	18,065,693
Addition during the year	-	5,065,952	5,065,952
Balance as at 31 March 2015	5,586,200	17,545,445	23,131,645
Balance as at 01 April 2015	5,586,200	17,545,445	23,131,645
Addition during the year	-	5,906,914	5,906,914
Prior year adjustment for tax expenses	-	(1,207,178)	(1,207,178)
Balance as at 31 March 2016	5,586,200	22,245,181	27,831,381


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, 23 MAY 2016
Dhaka.


Ahmed Mashuque & Co.
Chartered Accountants



Ion Exchange Environment Management (BD) Ltd.
Statement of cash flows
For the year ended 31 March 2016

<u>Particulars</u>	<u>Amount in Taka</u>	
	01 April 2015 to 31 March 2016	01 April 2014 to 31 March 2015
Cash flows from Operating Activities		
Collection from revenue	121,561,177	102,712,958
Payment for cost and expenses	(118,459,117)	(106,868,596)
Cash generated from operations	3,102,059	(4,155,638)
Interest paid	(8,821)	(100,000)
Income tax paid	(4,999,127)	(2,064,612)
Net cash generated from Operating Activities (A)	(1,905,889)	(6,320,251)
Cash flows from Investing Activities		
Acquisition of Property, plant and equipment	(459,605)	(507,785)
Net cash used in Investing Activities (B)	(459,605)	(507,785)
Cash flows from Financing Activities		
Share capital	-	-
Net cash used in Financing Activities (C)	-	-
Net changes in Cash and Cash Equivalents (A+B+C)	(2,365,494)	(6,828,036)
Cash and Cash Equivalents at the beginning of the year	7,686,951	14,514,987
Cash and Cash Equivalents at the end of the year	5,321,457	7,686,951


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, 23 MAY 2016
Dhaka.


Ahmed Mashuque & Co.
Chartered Accountants



Ion Exchange Environment Management (BD) Ltd.
Notes, comprising significant accounting policies and other explanatory information
As at and for the year ended 31 March 2016

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 20/22, Rajbari, Saver, Dhaka, Bangladesh.

2.00 Nature of business

The principal activities of the company is 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 2016;
- (ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2016;
- (iii) Statement of changes in equity for the year ended 31 March 2016;
- (iv) Statement of cash flows for the year ended 31 March 2016; and
- (v) Notes, comprising significant accounting policies and others explanatory information as at and for the year ended 31 March 2016.

4.00 Summary of significant accounting policies

4.01 Presentation of financial statements and basis of accounting

These financial statements have been prepared under historical cost convention and after due compliance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act, 1994 and other applicable laws and regulations. BFRS comprises of:

- Bangladesh Financial Reporting Standards;
- Bangladesh Accounting Standards;
- Bangladesh Financial Reporting Standards Interpretations; and
- Bangladesh Accounting Standards Interpretations.

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 off 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 BAS-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>Rate</u>
Furniture and Fixtures	10%
Equipment	20%
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 2015 to 31 March 2016.

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 integer.

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.

	<u>31 March 2016</u>	<u>31 March 2015</u>
5.00 Property, plant and equipment	2,166,653	2,097,912
This represents the Written down value of capital assets held by the company as at the date of financial position. Detail schedule of property, plant and equipment have been enumerated in Schedule - A.		
6.00 Advances, deposits and prepayments	9,867,751	5,674,917
Advance for rental of premises and guest house	650,000	756,900
Advance to employees	716,229	87,000
VAT current A/C	411,279	57,958
L/C margin	6,090,022	4,594,598
Other advance	30,000	30,000
Tender guarantee	1,970,221	148,461
7.00 Cash and cash equivalents	5,321,457	7,686,951
Cash in hand	92,673	457,682
Cash at bank (State Bank of India, CD A/C)	5,228,784	7,229,269



	<u>31-Mar-2016</u>	<u>31-Mar-2015</u>
8.00 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 2015 comprises the following:		
	5,586,200	5,586,200
Ion Exchange (India) Ltd.	5,585,900	5,585,900
(55,859 Ordinary Shares @ Tk.100)		
Mr. Dinesh Sharma	100	100
(01 Ordinary Share @ Tk.100)		
Mr. Jitendra Padmakar Puthare	100	100
(01 Ordinary Share @ Tk.100)		
Mr. Md. Julfikar Sheikh	100	100
(01 Ordinary Share @ Tk.100)		
9.00 Other payables	21,943,929	15,494,066
Liability for expenses and others	21,874,929	15,425,066
Audit fees payable	69,000	69,000
10.00 Income tax payable	95,726	707,029
Opening balance	707,029	43,821
Addition during the year	3,180,646	2,727,820
Payment made for earlier year	(663,208)	-
Advance income tax	(3,128,741)	(2,064,612)
	01 April 2015	01 April 2014
	to	to
	31 March 2016	31 March 2015
11.00 Direct cost	100,073,914	80,388,179
Cost of materials (11.01)	92,152,760	68,793,595
Other direct cost	7,921,154	11,594,584
11.01 Cost of Materials	92,152,760	68,793,595
Opening inventory	32,062,278	24,754,647
Add: Purchased during the year	87,534,544	76,101,226
Less: Closing inventory	(27,444,061)	(32,062,278)



	01 April 2015 to 31 March 2016	01 April 2014 to 31 March 2015
12.00 Operating and other expenses	15,215,041	11,257,286
Rental of office premises and guest house	2,438,540	2,218,849
Conveyance	3,463,740	2,499,437
Legal and professional fees	192,050	221,860
Staff refreshment and welfare	1,887,023	1,224,938
Repair and maintenance	205,492	171,328
Office supplies	527,636	534,923
Telephone, mobile and fax	610,859	591,170
Internet and e-mail expenses	208,632	149,970
License, registration and renewal	151,416	124,291
Newspaper, books and periodicals	26,990	29,505
Housekeeping expenses	683,259	517,137
Insurance premium	70,265	70,036
Traveling expenses	1,081,193	753,354
Postage and delivery expenses	67,097	33,612
General and miscellaneous expenses	904,203	128,228
Fuel and lubricant	266,343	433,486
Utility bill	279,035	238,296
Bank charges	480,909	78,652
Audit fees	69,000	69,000
Advertisement expenses	295,756	60,000
Loading and unloading charges	409,120	244,380
Fair and exhibition expenses	102,200	63,145
Lab chemical	89,752	80,300
Warranty support expenses	405,134	303,382
Water test expenses	45,500	117,200
Other expenses	68,330	179,256
Bad debt	4,056	-
Medical treatment expenses	149,148	56,848
Training expenses	4,000	3,000
Rent, Rate and Taxes	28,363	61,703

13.00 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 BAS 24: "Related party disclosures".

Name of related party	Relationship	Nature of transactions	Transactions during the period	Outstanding as at 31 March 2016
			Taka	Taka
Ion Exchange (India) Ltd.	Holding company	Purchase of goods	38,561,919	-



Schedule - A

Ion Exchange Environment Management (BD) Ltd.
Schedule of property, plant and equipment
As at 31 March 2016

Sl. No.	Particulars	Cost			Depreciation			Written Down Value (WDV) As at 31 March 2016	
		Opening balance as at 01 April 2015	Addition during the year	Closing balance as at 31 March 2016	Rate	Opening balance as at 01 April 2015	Charged during the year		Closing balance as at 31 March 2016
1	Furniture and Fixtures	556,032	71,150	627,182	10%	250,157	37,702	287,860	339,322
2	Equipment	1,290,862	143,440	1,434,302	20%	687,560	149,348	836,908	597,394
3	Computer and Accessories	850,318	189,100	1,039,418	18%	547,854	88,482	636,335	403,083
4	Lab Equipments	786,409	28,000	814,409	18%	550,496	47,504	598,000	216,409
5	Warehouse Building	1,056,348	27,915	1,084,263	10%	405,991	67,827	473,818	610,445
	Total	4,539,969	459,605	4,999,574		2,442,057	390,864	2,832,921	2,166,653
	Balance as at 31 March 2015	4,032,184	507,785	4,539,969		2,066,803	375,254	2,442,057	2,097,912

