

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
OF
ION EXCHANGE ENVIRONMENT MANAGEMENT (BD) LTD.
AS AT AND FOR THE YEAR ENDED 31 MARCH 2018



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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 2018, 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 2018, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.



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 22 MAY 2018

Ahmed Mashuque & Co.
Chartered Accountants

Ion Exchange Environment Management (BD) Ltd.
Statement of financial position
As at 31 March 2018

	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>31 March 2018</u>	<u>31 March 2017</u>
<u>Assets</u>			
Non-current assets		2,519,963	2,579,268
Property, plant and equipment	5.00	2,519,963	2,579,268
Current assets		85,994,129	77,704,542
Inventories		27,841,905	29,507,190
Advances, deposits and prepayments	6.00	12,644,382	3,734,219
Sundry debtors		44,828,791	41,446,860
Advance to suppliers		393,933	288,052
Income tax	7.00	100,923	1,093,685
Cash and cash equivalents	8.00	184,195	1,634,536
Total assets		88,514,092	80,283,809
<u>Shareholders' equity and liabilities</u>			
Shareholders' equity		31,764,903	30,392,740
Share capital	9.00	5,586,200	5,586,200
Retained earnings		26,178,703	24,806,540
Current liabilities		56,749,190	49,891,069
Sundry creditors		15,605,189	10,544,294
Bank overdraft	10.00	424,958	-
Advance from customers		25,898,662	14,938,981
Payable for expenses and other	11.00	14,820,381	24,407,794
Total shareholders' equity and liabilities		88,514,092	80,283,809

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

Director



Dated 22 MAY 2018
Dhaka.



Director

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




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 2018

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		01 April 2017 to 31 March 2018	01 April 2016 to 31 March 2017
Revenue (Net)		135,437,264	125,426,283
Less: Expenditure		130,910,994	121,485,731
Direct cost	12.00	100,964,018	92,944,235
Personnel cost		13,684,032	13,081,979
Operating and other expenses	13.00	15,582,073	14,992,645
Financial expenses		233,588	16,675
Depreciation		447,283	450,197
Net profit/(loss) before tax		4,526,270	3,940,552
Less: Income tax expenses		2,132,661	1,379,193
Net profit/(loss) after tax		2,393,609	2,561,359
<i>(Balance transferred to statement of changes in equity)</i>			

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

Director

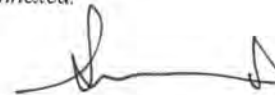


Dated
Dhaka. 22 MAY 2018



Director

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



Ahmed Mashuque & Co.
Chartered Accountants



Ion Exchange Environment Management (BD) Ltd.
Statement of changes in equity
For the year ended 31 March 2018

<u>Particulars</u>	Share Capital	Retained Earnings	<u>Amount in Taka</u>
			Total
Balance as at 01 April 2016	5,586,200	22,245,181	27,831,381
Addition during the year	-	2,561,359	2,561,359
Balance as at 31 March 2017	5,586,200	24,806,540	30,392,740
Balance as at 01 April 2017	5,586,200	24,806,540	30,392,740
Prior year adjustment for tax AY 2017-2018	-	(1,021,446)	(1,021,446)
Addition during the year	-	2,393,609	2,393,609
Balance as at 31 March 2018	5,586,200	26,178,703	31,764,903

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


Director



Dated
Dhaka. 22 MAY 2018


 Director

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


 Ahmed Mashuque & Co.
 Chartered Accountants


Ion Exchange Environment Management (BD) Ltd.
Statement of cash flows
For the year ended 31 March 2018

<u>Particulars</u>	<u>Amount in Taka</u>	
	01 April 2017 to 31 March 2018	01 April 2016 to 31 March 2017
Cash flow from operating activities:		
Net profit/(loss) after tax	2,393,609	2,561,359
Adjustment for depreciation	447,283	450,197
Prior year adjustment for tax expenses	(1,021,446)	-
Net profit before change in working capital components	1,819,445	3,011,556
Change in working capital components	(2,881,807)	(5,835,665)
(Increase)/ decrease in current asset	(9,739,928)	(6,544,758)
Inventories	1,665,285	(2,063,129)
Sundry debtors	(3,381,931)	(9,578,593)
Advances, deposits and prepayments	(8,910,163)	6,133,532
Advance to suppliers	(105,881)	57,117
Income tax	992,762	(1,093,685)
Increase/ (decrease) in current liabilities	6,858,121	709,093
Sundry creditors	5,060,895	3,398,554
Bank overdraft	424,958	-
Advance from customers	10,959,681	(5,057,601)
Income tax payable	-	(95,726)
Other payables	(9,587,413)	2,463,866
A. Net cash flow from operating activities	(1,062,362)	(2,824,109)
Cash flow from investing activities:		
Acquisition of fixed assets	(387,978)	(862,812)
B. Net cash flow from investing activities	(387,978)	(862,812)
Cash flow from financing activities:		
C. Net cash flow from financing activities	-	-
Net cash increase/(decrease) in cash and cash equivalents (A+B+C)	(1,450,340)	(3,686,921)
Add: Cash and cash equivalents at the beginning of the year	1,634,536	5,321,457
Cash and cash equivalents at the end of the year	184,195	1,634,536

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

Director



Dated **22 MAY 2018**
Dhaka.




Director

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



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 2018

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, Rajabari, 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 2018;
- (ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2018;
- (iii) Statement of changes in equity for the year ended 31 March 2018;
- (iv) Statement of cash flows for the year ended 31 March 2018; and
- (v) Notes, comprising significant accounting policies and others explanatory information as at and for the year ended 31 March 2018.

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 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 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 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>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 2017 to 31 March 2018.



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 2018	31 March 2017
5.00 Property, plant and equipment	2,519,963	2,579,268
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 has been enumerated in Schedule - A .		
6.00 Advances, deposits and prepayments	12,644,382	3,734,219
Advance for rental of premises and guest house	920,000	730,000
Advance to employees	109,000	326,764
VAT current A/C	263,261	1,326,921
L/C margin	9,546,980	854,500
Other advance	30,000	30,000
Advance for commission	1,000,000	-
Security deposit for electric line	109,728	109,728
Tender guarantee	665,413	356,306
7.00 Income tax	100,923	1,093,685
Opening balance	1,093,685	95,726
Addition during the year (AIT)	2,161,345	2,472,878
Payment made for earlier year	(1,021,446)	(95,726)
Provision for the year	(2,132,661)	(1,379,193)
8.00 Cash and cash equivalents	184,195	1,634,536
Cash in hand	184,195	132,070
State Bank of India, CD A/C	-	1,502,466
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	424,958	-
11.00 Payable for expenses and other	14,820,381	24,407,794
Audit fees payable	86,250	69,000
Salaries and allowance payable	1,077,847	950,602
Provision for warranty support	2,521,420	-
TDS payable	34,525	21,485
VDS payable	14,250	6,750
Other Payable	11,086,089	23,359,957



	Amount in Taka	
	01 April 2017 to 31 March 2018	01 April 2016 to 31 March 2017
12.00 Direct cost	100,964,018	92,944,235
Cost of materials (12.01)	92,242,871	85,154,863
Other direct cost	8,721,147	7,789,372
12.01 Cost of Materials	92,242,871	85,154,863
Opening inventory	29,507,190	27,444,061
Add: Purchased during the year	90,577,586	87,217,991
Less: Closing inventory	(27,841,905)	(29,507,190)
13.00 Operating and other expenses	15,582,073	14,992,645
Rental of office premises and guest house	2,580,706	2,519,307
Conveyance	3,327,769	3,359,397
Legal and professional fees	410,250	213,325
Staff refreshment and welfare	1,845,790	1,499,578
Repair and maintenance	185,695	65,830
Office supplies	442,925	581,747
Telephone, mobile and fax	553,967	575,398
Internet and e-mail expenses	142,225	202,498
License, registration and renewal	137,763	94,716
Newspaper, books and periodicals	37,184	26,250
Housekeeping expenses	775,625	670,741
Insurance premium	85,735	104,589
Traveling expenses	1,011,572	1,387,863
Postage and delivery expenses	73,415	59,005
General and miscellaneous expenses	916,036	743,286
Fuel and lubricant	442,573	222,408
Utility bill	328,936	306,677
Bank charges	103,960	304,724
Audit fees	86,250	69,000
Advertisement expenses	148,552	665,214
Loading and unloading charges	146,150	147,770
Fair and exhibition expenses	5,750	643,507
Lab chemical	124,375	83,870
Warranty support expenses	443,770	215,223
Water test expenses	188,238	54,350
Other expenses	785,710	48,513
Medical treatment expenses	61,264	49,330
Training expenses	31,400	37,350
Entertainment	-	40,000
Bad debt	158,488	-
Rent, rate and taxes	-	1,179

14.00 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 2018
			Taka	Taka
Ion Exchange (India) Ltd.	Holding company	Purchase of goods	34,433,787	-
Ion Exchange (India) Ltd.	Holding company	Service charge	2,947,651	4,396,911



Ion Exchange Environment Management (BD) Ltd.
Schedule of property, plant and equipment
As at 31 March 2018

SL	Particulars	Cost			Depreciation			Written Down Value (WDV) As at 31 March 2018	
		Opening balance as at 01 April 2017	Addition during the year	Closing balance as at 31 March 2018	Rate	Opening balance as at 01 April 2017	Charged during the year		Closing balance as at 31 March 2018
1	Furniture and Fixtures	689,382	-	689,382	10%	328,012	36,137	364,149	325,233
2	Equipment	1,749,062	68,850	1,817,912	20%	1,019,339	159,715	1,179,053	638,859
3	Computer and Accessories	1,120,368	159,400	1,279,768	18%	723,461	100,135	823,596	456,172
4	Lab Equipments	814,409	150,000	964,409	18%	636,954	58,942	695,896	268,513
5	Warehouse Building	1,489,165	9,728	1,498,893	10%	575,353	92,354	667,707	831,186
	Total	5,862,386	387,978	6,250,364	-	3,283,118	447,283	3,730,401	2,519,963
	Balance as at 31 March 2017	4,999,574	862,812	5,862,386	-	2,832,921	450,197	3,283,118	2,579,268

