

**Hoda Vasi  
Chowdhury & Co**

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**To**  
**The Shareholders**  
Dhaka Leather Company Limited  
Nayarhat, Savar, Dhaka-1350,  
Bangladesh

**Audited Financial Statements**  
**of**  
**Dhaka Leather Company Limited**  
For the year ended 30 June 2018

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# Hoda Vasi Chowdhury & Co

## Chartered Accountants

### Independent Auditors' Report To the Shareholders of Dhaka Leather Company Limited

We were engaged to audit the accompanying financial statements of Dhaka Leather Company Limited, which comprise the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of 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 International 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 misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### Basis for Disclaimer of Opinion

The following circumstances give rise to material uncertainties as to the appropriateness of the use of the going concern and other assumptions in the preparation of the accompanying financial statements of the Company for the current financial year:

- a. As disclosed in Note # 1.2, operation of the company remained closed since 1998 and there is no practical plan to re-open its operation in near future. In addition to that (note # 13) the accumulated loss of the company is BDT 627,680,727 which is 2.1 time higher than its share capital (including share money deposit) which indicates that there is no reasonable ground to consider the entity to be going concern;
- b. As mentioned, operation of the company remained close since 1998 but its financial statements state that the company possesses total fixed assets amounting to BDT 757,720,432 (excluding land of BDT 17,381,633) which market value is not assessed and presented accordingly.
- c. As per the given financial statements of the company, it possesses current assets for an amount of BDT 31,726,991 (including inventory of BDT 20,722,806). As the company is remained close for last 20 years and hence there is a reasonable doubt of recovering any value from the current assets,
- d. As the company was incorporated as public limited company in 1996 with a share capital of BDT 1,000,000 having eight (08) shareholders. We are not provided any reasonable documents based on which we can assumed that the company currently holds at least seven (07) shareholders which is the precondition to exist as a public limited company in accordance with the Companies Act 1994. In addition to that we are not confirmed whether the company retains at least five (05) directors which was a condition per the AOA.
- e. Per the Financial Statements of the company, it obtained interest bearing Loan from Government of BDT 13,035,500 and related accumulated interest has been charged to the FS for BDT 33,923,166. However, we have not provided any related documents and basis of charging interest.



f. Financial Statements state that the company has obtained loan from BCIC of BDT 635,000,000 but related loan agreement and bank statements not provided to us to verify the loans and liability and reason of obtaining the loan and utilization.

g. The company has maintained a current account with BCIC, current balance with the account is 435,240,112, but related documents were not found to verify the amount and the related transactions.

***Disclaimer of Opinion***

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

***Report on Other Legal and Regulatory Requirements***

In our opinion, in view of the significance of the matters referred to the Bases for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company.

Dhaka,


  
Chartered Accountants



**Dhaka Leather Company Limited**  
**Statement of Financial Position**  
As at 30 June 2018

|   | Note(s) | 30-Jun-18<br>Taka    | 30-Jun-17<br>Taka    |
|---|---------|----------------------|----------------------|
| <b>Non- Current Assets</b>                      |         |                      |                      |
| Property, plant and equipments                  | 4       | 613,073,412          | 613,073,412          |
| Pre-operating expenses                          | 5       | 161,940,172          | 161,940,172          |
| Preliminary expenses                            | 6       | 88,481               | 88,481               |
|   |         | <b>775,102,065</b>   | <b>775,102,065</b>   |
| <b>Current Assets</b>                           |         |                      |                      |
| Inventory                                       | 7       | 20,722,806           | 20,722,806           |
| Current account with enterprise-related parties | 8       | 8,873,149            | 8,873,149            |
| Advances, deposits & pre-payments               | 9       | 2,130,669            | 2,167,494            |
| Cash at bank (Dormant A/C)                      | 10      | 367                  | 367                  |
|   |         | <b>31,726,991</b>    | <b>31,763,816</b>    |
|   |         | <b>806,829,056</b>   | <b>806,865,881</b>   |
| <b>Capital &amp; Reserve</b>                    |         |                      |                      |
| Ordinary Share                                  | 11      | 1,000,000            | 1,000,000            |
| Share Money Deposit (BCIC Equity)               | 12      | 299,000,000          | 299,000,000          |
| Retained Earnings (Accumulated Loss)            | 13      | (627,680,727)        | (600,439,977)        |
|   |         | <b>(327,680,727)</b> | <b>(300,439,977)</b> |
| <b>Non-current liabilities</b>                  |         |                      |                      |
| Govt. Loan (ADP)                                | 14      | 46,958,666           | 46,306,891           |
| Deferred Liabilities (Gratuity)                 | 15      | 6,587,922            | 6,848,024            |
|   |         | <b>53,546,588</b>    | <b>53,154,915</b>    |
| <b>Current liabilities</b>                      |         |                      |                      |
| Accrued and other liabilities                   | 16      | 2,484,686            | 2,426,395            |
| Creditor for Other Finance                      | 17      | 8,063,638            | 7,964,603            |
| Current account with enterprise-related parties | 18      | 174,759              | 169,959              |
| BCIC Loan Account-related party                 | 19      | 635,000,000          | 635,000,000          |
| Current Account with BCIC-related party         | 20      | 435,240,112          | 408,589,986          |
|   |         | <b>1,080,963,195</b> | <b>1,054,150,943</b> |
|   |         | <b>806,829,056</b>   | <b>806,865,881</b>   |

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

  
19.08.2019  
Managing Director

  
19.08.19  
Director

  
19.08.2019  
Company Secretary

*Auditors' Report to the Shareholders  
See annexed report of date*

  
Chartered Accountants

Dhaka,

**Dhaka Leather Company Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended 30 June 2018

|   | Note(s) | <u>2017-18</u><br><u>Taka</u> | <u>2016-17</u><br><u>Taka</u> |
|---|---------|-------------------------------|-------------------------------|
| <b>Income :</b>                             |         |                               |                               |
| Sale of Tender Document                     |         | -                             | -                             |
| Job Charge Received                         |         | -                             | -                             |
| Profit on Sales on Assets                   |         | -                             | -                             |
| <b>Operating expenses</b>                   |         |                               |                               |
| Officers & Staff Salary                     | 21      | 23,190,639                    | 13,055,043                    |
| General Administrative Overhead             | 22      | 3,398,336                     | 3,190,485                     |
| Interest on ADP Loan                        | 14      | 651,775                       | 651,775                       |
|   |         | <u>27,240,750</u>             | <u>16,897,303</u>             |
| <b>Profit/(Loss) before income tax</b>      |         | <u>(27,240,750)</u>           | <u>(16,897,303)</u>           |
| Income tax expenses                         |         | -                             | -                             |
| <b>Profit/(Loss) after tax for the year</b> |         | <u>(27,240,750)</u>           | <u>(16,897,303)</u>           |

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

  
19.08.2019  
Managing Director

  
19.08.19  
Director

  
19.08.2019  
Company Secretary

*Auditors' Report to the Shareholders*  
*See annexed report of date*

Dhaka,


  
Chartered Accountants



**Dhaka Leather Company Limited  
Statement of Changes in Equity  
For the year ended 30 June 2018**

| Particulars                  | Paid-up<br>Capital | Retained<br>Earning | Total         |
|------------------------------|--------------------|---------------------|---------------|
| Balance as at 1 July 2016    | 1,000,000          | (583,542,674)       | (582,542,674) |
| Net Profit/ (Loss) after Tax | -                  | (16,897,303)        | (16,897,303)  |
| Balance as at 30 June 2017   | 1,000,000          | (600,439,977)       | (599,439,977) |
| Balance as at 1 July 2017    | 1,000,000          | (600,439,977)       | (599,439,977) |
| Net Profit/ (Loss) after Tax | -                  | (27,240,750)        | (27,240,750)  |
| Balance as at 30 June 2018   | 1,000,000          | (627,680,727)       | (626,680,727) |

  
19.08.2019  
Managing Director

  
19.08.19  
Director

  
19.08.2019  
Company Secretary

**Dhaka Leather Company Limited**  
**Statement of Cash Flows**  
For the year ended 30 June 2018

|   | 2017-18<br>Taka | 2016-17<br>Taka |
|---|-----------------|-----------------|
| <b>A. Cash flows from operating activities :</b>          |                 |                 |
| Cash receipts from customers                              | -               | -               |
| Cash paid to suppliers                                    | -               | -               |
| Cash paid to employees                                    | -               | -               |
| Other operating expenses                                  | -               | -               |
| <b>Net cash used in operating activities</b>              | <b>-</b>        | <b>-</b>        |
| <b>B. Cash flows from investing activities</b>            |                 |                 |
| <b>Net cash flows from/(used) in investing activities</b> | <b>-</b>        | <b>-</b>        |
| <b>C. Cash flows from Financial Activities</b>            |                 |                 |
| Loan & Other Finance                                      | -               | -               |
| <b>Net cash flows from financing activities</b>           | <b>-</b>        | <b>-</b>        |
| <b>Cash Surplus/(Deficit) for the year (A+B+C)</b>        | <b>-</b>        | <b>-</b>        |
| <b>Opening Cash &amp; Bank Balance</b>                    | <b>367</b>      | <b>367</b>      |
| <b>Closing Cash &amp; Bank Balance (D+E)</b>              | <b>367</b>      | <b>367</b>      |

  
19.08.2019  
Managing Director

  
19.08.19  
Director

  
19.08.2019  
Company Secretary

**Dhaka Leather Company Limited  
Notes to the financial statements  
As at and for the year ended 30 June 2018**

**1.0 Legal Status and activities**

**1.1 Company profile**

Dhaka Leather Company Limited (hereinafter referred to as the "Company") was incorporated in Dhaka, Bangladesh on 4 February 1996 vide ND-C 30240 (1466)'96 as a Public Limited Company under the Companies Act (#18) 1994.

The Dhaka Leather Company Ltd. Project is located at Nayarhat, Savar, the Eastern Bank of the River Bangshawi and by the side of Dhaka-Aricha Highway 37 Kilometer away from the Capital City.

**1.2 Nature of business**

The company was established to carry on the business of manufacturing finished leather, various leather goods including shoes and by products of all kinds. The commercial production of the Company was started in financial year 1996-1997 and continued only for 6 (six) days. Further production could not be continued due to non-availability of raw materials i.e. hides and skins, it was then operated for processing goods of outside parties. The company entered into three sub contract agreements in financial year 1996-1997 and 1997-1998 for rental establishment and facilities but the subcontractor also failed. The Company has been fully closed since 1998.

**2.0 Basis of preparation of financial statements**

**2.1 Statement of compliance**

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS) and as per the requirements of the Companies Act (#18) 1994 and other applicable laws and regulations.

**BAS - 01** Presentation of financial statements

**BAS - 07** Statement of Cash flows

**BAS - 08** Accounting policies, Changes in accounting estimates and Errors

**BAS - 10** Events after the reporting period

**BAS - 12** Income Taxes

**BAS - 16** Property, Plant and Equipment

**BAS - 19** Employee Benefits

**BAS - 24** Related Party Disclosure

**BAS - 37** Provisions, Contingent Liabilities and Contingent assets.

**Other Regulatory compliances**

The Income Tax Ordinance (#36) 1984

The Income Tax Rules 1984

The Value Added Tax Act (#22) 1991

The Value Added Tax Rules 1991

**2.2 Components of Financial Statements**

Following are the components of these financial statements

a. Statement of Financial Position as at 30 June 2018

b. Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

c. Statement of changes in equity for the year ended 30 June 2018

d. Statement of Cash Flows for the year ended 30 June 2018

e. Explanatory Information





**2.3 Basis of Measurement**

These financial statements have been prepared on accrual basis under the historical cost convention except the statement of cash flows.

**2.4 Financial period**

The financial period of the Company covers one year from 01 July to 30 June and consistently followed. These financial statements cover one year from 01 July 2017 to 30 June 2018.

**2.5 Functional and presentational currency**

The financial statements are presented in Bangladesh Taka (BDT/Tk.), which is the Company's functional currency. All financial information presented in Bangladeshi Taka (BDT/Tk) has been rounded off to the nearest Taka (BDT/Tk).

**2.6 Use of estimates and judgments**

In preparing these financial statements, management has made judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

**2.7 Going concern**

As per *BASl: Presentation of Financial Statements*, a company is required to make assessment at the end of each year to assess its capability to continue as going concern. The Directors continue to adopt the going concern assumption while preparing the financial statements though the company remains closed since 1998 and thereafter this company is funded by the BCIC to meet up its regular expenses such as staff salary, general administrative overhead etc.

**3.0 Summary of significant accounting policies**

The accounting policies set out below have been applied to the accounts consistently to all periods presented in these financial statements.

**3.1 Property, plant and equipment**

As per IAS 16 : *Property, Plant and Equipment*, items of property, plant and equipment should be depreciated when the assets becomes useable as intended by the management and should have been measured at cost less accumulated depreciation and accumulated impairment losses, if any but no depreciation is charged from 1998-1999 and till to date no impairment / impairment review has taken place as the company has remained fully closed since 1998. As a result PPE is materiality overstated by Tk. 445,462,241.

Moreover, the company recognised Land and Land Development amounting to Tk.17,381,633 but the company has no ownership documents like mutation and simultaneously maintaining a provision for the purchase of 18 Acres land from Bangladesh Council of Scientific and Industrial Research (BCSIR) amounting to Tk. 5,400,000.

**3.2 Inventory**

As per IAS 2 : *Inventory*, items of inventory should be recognised at "lower of cost and Net Realizable Value" but the company has maintained the inventory at cost.

**3.3 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and cash at bank.

**3.4 Revenue recognition**

The company remains closed since 1998, there is no revenue to be recognised.



**3.5 Employees benefit plans**

The Company, for its employees, operates the following schemes:

**Gratuity scheme**

The Company has two gratuity schemes one for the central cadre (Officer) of the DLCL managed centrally by the BCIC Trustee Board that means funded and another for the Staff of the DLCL managed by the DLCL itself which is unfunded. Gratuity is provided to employees on retirement of employment; equivalent to two last basic salary for every completed year (more than 4 months considered as full year) of service.

**Provident Fund Scheme-funded**

The Company operates contributory provident fund for all its permanent employees as per the government policy. This fund is recognised by National Board of Revenue and managed by an independent Board of Trustee. The provident fund is administered by the Board of Trustees and is funded by contributions from employees @10% and from the Company @ 12.5% of the basic pay. These contributions are invested separately from the Company's business.

**3.6 Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The applicable tax rate for the Company for the reporting period was 35%.

However, the company has no taxable income for this period.

**3.7 Deferred tax**

As per BAS 12: *Income Taxes*, deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities and their tax base. The deferred tax asset / income or liability / expense does not create a legal obligation to, or recoverability from the income tax authority.

However, no deferred tax is recognised in this financial statements as the company remains closed since 1998.

**3.8 Statement of cash flows**

Statement of cash flows have been prepared under direct method in accordance with BAS 7, "Statement of Cash Flows"

**3.9 General**

1. Previous period / year's figures have been rearranged, wherever considered necessary to conform to the current period's presentation.

2. All amounts in this financial statement have been recorded off to the nearest Taka.

4 Property, Plant and Equipment

| Sl. No. | Particulars                                | Cost                      |  | Depreciation               |                           |                      | Written Down Value as on 30 June 2018 |
|---------|--|---------------------------|--|----------------------------|---------------------------|----------------------|---------------------------------------|
|         |  | Balance as at 1 July 2017 | Additions / (Adjustment) during the year | Balance as at 30 June 2018 | Balance as at 1 July 2017 | Charged for the year |                                       |
| 1.      | Land & Land Development                    | 17,381,633                | -  | 17,381,633                 | -                         | -                    | 17,381,633                            |
| 2.      | Building & Other Costs                     | 199,446,413               | -  | 199,446,413                | 23,581,206                | -                    | 175,865,207                           |
| 3.      | Factory Plant, Machinery & Other Equipment | 494,933,176               | -  | 494,933,176                | 76,906,863                | -                    | 418,026,313                           |
| 4.      | Office Equipment                           | 397,829                   | -  | 397,829                    | 370,125                   | -                    | 27,705                                |
| 5.      | Furniture & Equipment                      | 3,122,846                 | -  | 3,122,846                  | 1,474,686                 | -                    | 1,648,160                             |
| 6.      | Other Assets                               | 402,164                   | -  | 402,164                    | 277,769                   | -                    | 124,395                               |
|         | <b>Total 2018</b>                          | <b>715,684,061</b>        | <b>-</b>                                 | <b>715,684,061</b>         | <b>102,610,649</b>        | <b>-</b>             | <b>613,073,412</b>                    |
|         | <b>Total 2017</b>                          | <b>715,684,061</b>        | <b>-</b>                                 | <b>715,684,061</b>         | <b>102,610,649</b>        | <b>-</b>             | <b>613,073,412</b>                    |

\*Note : Depreciation on fixed assets of D.L.C.L has been charged up to 1998-99 and there after no depreciation has been charged on fixed assets as the factory was closed since then.



|   | 2017-18<br>Taka    | 2016-17<br>Taka    |
|---|--------------------|--------------------|
| <b>5 Pre-operating expenses</b>           |                    |                    |
| <b>A. Expenses</b>                        |                    |                    |
| Factory Overhead                          | 40,443,250         | 40,443,250         |
| General Admin. Expenses                   | 8,995,907          | 8,995,907          |
| Interest & Financial Expenses             | 16,727,815         | 16,727,815         |
| Revaluation of Finished Stock             | 101,755,621        | 101,755,621        |
| Salaries & Allowance                      | 1,709,088          | 1,709,088          |
|   | <b>169,631,680</b> | <b>169,631,680</b> |
| <b>B. Less : Sales &amp; Other Income</b> |                    |                    |
| Sales                                     | 25,089             | 25,089             |
| Job Work                                  | 1,020,578          | 1,020,578          |
| Miscellaneous Income                      | 384,795            | 384,795            |
| Gain on Sales of Car                      | 42,207             | 42,207             |
| Interest Received                         | 528,857            | 528,857            |
| Registration Fees                         | 79,315             | 79,315             |
| Adjustment                                | 5,610,668          | 5,610,668          |
|   | <b>7,691,509</b>   | <b>7,691,509</b>   |
|   | <b>161,940,172</b> | <b>161,940,172</b> |

**6 Preliminary expenses**

Preliminary expenses are the expenses that the company incurs prior to the incorporation of the company. This expenses incurred by the founders of the Dhaka Leather Company Ltd at 1996 to incorporate the company, develop the logo, register company name, etc.

**7 Inventory**

|                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| Packing Materials           | 6,978             | 6,978             |
| Spares Accessories & Stores | 20,715,828        | 20,715,828        |
|                             | <b>20,722,806</b> | <b>20,722,806</b> |

**7.1 Spares, Accessories & Stores**

|                                       |                   |                   |
|---------------------------------------|-------------------|-------------------|
| Motor vehicles, Trailer & Cycle parts | 2,175             | 2,175             |
| Spare Parts                           | 10,299,812        | 10,299,812        |
| Bearing                               | 13,469            | 13,469            |
| Metal Working                         | 49,527            | 49,527            |
| Special Industries Machinery          | 7,647,982         | 7,647,982         |
| Handling Equipment                    | 314,264           | 314,264           |
| Pumps & Compressor                    | 387,400           | 387,400           |
| Pipe, Tube & Fittings                 | 102,154           | 102,154           |
| Hand Tools                            | 614,155           | 614,155           |
| Hardware                              | 209,698           | 209,698           |
| Construction Building Materials       | 414,676           | 414,676           |
| Electrical Equipment                  | 301,563           | 301,563           |
| Electrical Ware                       | 132,319           | 132,319           |
| Laboratory Equipment                  | 67,295            | 67,295            |
| Furniture                             | 4,200             | 4,200             |
| Hardware & Appliance                  | 15,584            | 15,584            |
| Office Equipment                      | 225               | 225               |
| Books                                 | 791               | 791               |
| Brushes & Paints                      | 20,012            | 20,012            |
| Fuel & Lubricants                     | 67,653            | 67,653            |
| Misc. Stores                          | 8,073             | 8,073             |
| Rope, Cable, Chain & Fittings         | 42,800            | 42,800            |
|                                       | <b>20,715,828</b> | <b>20,715,828</b> |

|            |  | 2017-18<br>Taka  | 2016-17<br>Taka  |
|------------|--|------------------|------------------|
| <b>8</b>   | <b>Current account with enterprise-related parties</b>                 |                  |                  |
|            | <b>a. Running</b>  |                  |                  |
|            | Bangladesh Insulator and Sanitary Wear Factory Ltd.                    | 2,849,356        | 2,849,356        |
|            | Triple Super Phosphate Complex Ltd.                                    | 3,014,253        | 3,014,253        |
|            | Shahjalal Fertilizer Co. Ltd. (Ex-Natural Gas Fertilizer Company Ltd.) | 1,426,031        | 1,426,031        |
|            | Training Institute of Chemical Industries                              | 5,318            | 5,318            |
|            | Polash Urea Fertilizer Factory Ltd.                                    | 334              | 334              |
|            | Chhatak Cement Company Ltd.  | 2,284            | 2,284            |
|            | <b>b. Pay off / Closed</b>   |                  |                  |
|            | North Bengle Paper Mills Ltd.  | 1,461,331        | 1,461,331        |
|            | Kornofuli Rayon & Chemicals Ltd.                                       | 28,950           | 28,950           |
|            | Khulna Newspaper Mills Ltd.  | 83,362           | 83,362           |
|            | Takerghat Limestone Mining Project                                     | 1,930            | 1,930            |
|            |  | <b>8,873,149</b> | <b>8,873,149</b> |
| <b>9</b>   | <b>Advances, deposits &amp; pre-payments</b>                           |                  |                  |
|            | Advances   | 9.1 1,172,494    | 1,209,319        |
|            | Deposits   | 9.2 958,175      | 958,175          |
|            |  | <b>2,130,669</b> | <b>2,167,494</b> |
| <b>9.1</b> | <b>Advances</b>  |                  |                  |
|            | <b>a. Advance Against Purchase Exp.</b>                                |                  |                  |
|            | Md. Iqbal Hossain (Manager Admn.)                                      | 13,000           | 13,000           |
|            | A. K. Roy (SAT)  | 4,200            | 4,200            |
|            | Md. Nazmul Hoque (S.A.C)   | 4,235            | 4,235            |
|            | Fazlul Haque (D.M)   | 19,710           | 19,710           |
|            | Kamal Hossain (RS)   | -                | 5,000            |
|            | Zakir Hossain (Addl. C.M.M)  | 420              | 420              |
|            | Md Mizanur Rahman (ACA)  | -                | 2,905            |
|            | Abul Kalam Azad (AAO)  | -                | 12,000           |
|            | Abdul Hakim (AO)   | 27,990           |                  |
|            | Anwar Hossain (M. Admin.)  | 90               |                  |
|            | <b>b. Advance Against Party</b>  |                  |                  |
|            | Linde Bangladesh Limited (BOC Ltd.)                                    | 19,397           | 19,397           |
|            | <b>c. Advance Against Carrying</b>                                     |                  |                  |
|            | M/S. Dider Transport Agency  | 578,614          | 578,614          |
|            | <b>d. Advance Against Income Tax</b>                                   | 427,360          | 427,360          |
|            | <b>e. Advance Against Facilities</b>                                   | 51,847           | 66,847           |
|            | <b>f. Arrear Festival Bonus Officers</b>                               | 8,840            | 8,840            |
|            | <b>g. Advance Against Salary</b>                                       | -                | 30,000           |
|            | <b>h. I.T. Deduction</b>   | 16,791           | 16,791           |
|            |  | <b>1,172,494</b> | <b>1,209,319</b> |
| <b>9.2</b> | <b>Deposits</b>  |                  |                  |
|            | Deposit with T & T Board (BTCL)  | 15,720           | 15,720           |
|            | Deposit with Palli Biddyt Samity                                       | 523,375          | 523,375          |
|            | Deposit with Titas Gas Trans & Distribution Co. Ltd.                   | 409,080          | 409,080          |
|            | Deposit with Linde Bangladesh Ltd. (BOC Ltd.)-former                   | 10,000           | 10,000           |
|            |  | <b>958,175</b>   | <b>958,175</b>   |
| <b>10</b>  | <b>Cash at bank (Dormant A/C)</b>                                      |                  |                  |
|            | Janata Bank Ltd. (Nayarith Branch, Savar)                              |                  |                  |
|            | STD A/C No. - 06   | 367              | 367              |



|  | 2017-18<br>Taka    | 2016-17<br>Taka    |
|--|--------------------|--------------------|
| <b>11 Share capital</b>                    |                    |                    |
| <b>Authorized Capital</b>                  | <u>500,000,000</u> | <u>500,000,000</u> |
| 5,000,000 Ordinary Shares of Taka 100 each |                    |                    |

**Ordinary Share/Paid Up Capital**  
10,000 shares at Tk.100 per share

| Name of Share holders  | Nationality | Holdings %  | No. of shares | 30-Jun-18        | 30-Jun-17        |
|--|-------------|-------------|---------------|------------------|------------------|
| 1. Bangladesh Chemical Industries Corporation (BCIC) Represented by Mr. M. Badiuzzaman | Bangladeshi | 99.93%      | 9,993         | 999,300          | 999,300          |
| 2. Mr. M. Badiuzzaman  | Bangladeshi | 0.01%       | 1             | 100              | 100              |
| 3. Dr. A. K. M. Masood   | Bangladeshi | 0.01%       | 1             | 100              | 100              |
| 4. Mr. Atiqur Rahman   | Bangladeshi | 0.01%       | 1             | 100              | 100              |
| 5. Mr. K. M. R. Islam Abu Wahed  | Bangladeshi | 0.01%       | 1             | 100              | 100              |
| 6. Mr. J. C. Biswas  | Bangladeshi | 0.01%       | 1             | 100              | 100              |
| 7. Mr. Md. Abdul Aziz Mollah   | Bangladeshi | 0.01%       | 1             | 100              | 100              |
| 8. Mr. N. N. M. Nazrul Hasan   | Bangladeshi | 0.01%       | 1             | 100              | 100              |
| <b>Total</b>   |             | <b>100%</b> | <b>10,000</b> | <b>1,000,000</b> | <b>1,000,000</b> |

|   |                    |                    |
|---|--------------------|--------------------|
| <b>12 Share Money Deposit (BCIC Equity)</b> | <u>299,000,000</u> | <u>299,000,000</u> |
|---|--------------------|--------------------|

|  |                      |                      |
|--|----------------------|----------------------|
| <b>13 Retained Earnings (Accumulated Loss)</b> |                      |                      |
| Opening Balance of Accumulated Loss            | (600,439,977)        | (583,542,674)        |
| Add : Loss for the year                        | (27,240,750)         | (16,897,303)         |
|  | <u>(627,680,727)</u> | <u>(600,439,977)</u> |

|                               |                   |                   |
|-------------------------------|-------------------|-------------------|
| <b>14 Govt. Loan (ADP)</b>    |                   |                   |
| Principal Loan from ADP       | 13,035,500        | 13,035,500        |
| Add: Accumulated Interest     | 33,271,391        | 32,619,616        |
| Opening balance               | 46,306,891        | 45,655,116        |
| Add: Interest During the year | 651,775           | 651,775           |
|                               | <u>46,958,666</u> | <u>46,306,891</u> |

|   |                  |                  |
|---|------------------|------------------|
| <b>15 Deferred Liabilities (Gratuity)</b> |                  |                  |
| Opening Balance as per last year A/C      | 6,848,024        | 6,680,904        |
| Addition during the year                  | 740,980          | 7,804,928        |
|   | 7,589,004        | 14,485,832       |
| Adjustment during the year                | 1,001,082        | 7,637,808        |
|   | <u>6,587,922</u> | <u>6,848,024</u> |

Payment document and current year charging calculation



|   | 2017-18<br>Taka  | 2016-17<br>Taka  |
|---|------------------|------------------|
| <b>15.1 Addition during the year</b>    |                  |                  |
| Md. Rafuqul Islam (MD)                  | 152,980          | 152,980          |
| Md. Anwar Hossain (DM)                  | 98,180           | 93,940           |
| Md. Mizanur Rahman (ACA)                | 86,340           | 82,220           |
| Md. Abul Kalam (Ex. MD)                 | -                | 7,302,568        |
| Md. Abul Hakim (A.O)                    | 65,080           | -                |
| Kamal Hossain Hawladar (RS)             | 68,220           | 30,220           |
| Md. Babul Sarkar (MLSS)                 | 81,980           | 28,020           |
| Md. Munshi Akkas Uddin (SG)             | 73,460           | 28,020           |
| Md. Shahnewaz (SG)                      |                  |                  |
| Md. Jasim Uddin (SG)                    | 23,540           | 24,000           |
| Md. Nizamul Haque (SG)                  | 30,400           | -                |
| Md. Janab Ali (Laskar)                  | 30,400           | -                |
| Md. Akaruzzman (SG)                     | 30,400           | 45,100           |
| Md. Abul Kalam Azad (AAO)               | -                | 17,860           |
|   | <b>740,980</b>   | <b>7,804,928</b> |
| <b>16 Accrued and other liabilities</b> |                  |                  |
| Audit fees                              | 100,000          | 50,000           |
| Legal Expenses                          | 552,409          | 477,409          |
| Electricity Bill                        | 31,442           | 26,444           |
| Gas Bill                                | 3,200            | 3,800            |
| Land Tax                                | 683,184          | 643,184          |
| Casual & Labour Contract Bill           | 305,403          | 427,861          |
| Overtime Allowance                      | 31,187           | 21,066           |
| Newspaper Bill                          | 2,460            | 1,230            |
| Didar Transport Agency                  | 715,951          | 715,951          |
| Car Running Expenses                    | 5,702            | 5,702            |
| Printing & Stationary                   | 1,371            | 1,371            |
| Telephone Bill 98                       | 52,377           | 52,377           |
|   | <b>2,484,686</b> | <b>2,426,395</b> |
| <b>17 Creditor for Other Finance</b>    |                  |                  |
| Liabilities for land purchases (BCSIR)  | 5,400,000        | 5,400,000        |
| Vat deduction                           | 25,650           | 25,650           |
| Revenue Stamp                           | 20,920           | 19,050           |
| Welfare Loan (Other Project)            | 78,460           | 82,960           |
| BCIC P.F                                | 213,786          | 319,673          |
| DLCL P.F                                | 203,806          | 150,536          |
| DLCL Welfare Loan                       | 854,375          | 828,725          |
| House Building Loan                     | 158,831          | 48,131           |
| Income Tax deduction                    | 5,702            | 5,702            |
| Material Loan                           | 3,809            | 3,809            |
| Security Deposit                        | 437,432          | 437,432          |
| Housing Allowance deduction             | 378,224          | 378,224          |
| Conveyance Allowance deduction          | 13,546           | 13,546           |
| Washing Allowance deduction             | 2,620            | 2,620            |
| Salary Advance deduction                | 95,523           | 59,183           |
| Purchase Advance deduction              | 360              | 360              |
| Incentive Bonus deduction               | 1,400            | 1,400            |
| P.F Loan deduction (Officer)            |                  | 2,800            |
| P.F Loan deduction (DLCL)               |                  | 27,700           |
| Uniform & Laveries deduction            | 12,736           | 12,736           |
| Vehicle Loan (Motor cycle)              | 63,318           | 63,318           |
| Excess Lump grant deduction             | 63,215           | 63,215           |
| Electricity bill deduction              | 4,107            | 4,107            |
| Arrear Festival Bonus                   | 4,780            | 4,780            |
| Facility Advance deduction              | 8,946            | 8,946            |
| Motor Cycle Loan (BCIC)                 | 12,092           | -                |
|   | <b>8,063,638</b> | <b>7,964,603</b> |

17.1



|  | 2017-18<br>Taka    | 2016-17<br>Taka    |
|--|--------------------|--------------------|
| <b>17.1 Security Deposit :</b>   |                    |                    |
| Didar Transport (1994-95)  | 250,000            | 250,000            |
| Hakkane Enterprise (1992-93)   | 50,000             | 50,000             |
| Helena Enterprise (1998-99)  | 39,256             | 39,256             |
| Delux Enterprise (1992-93)   | 10,000             | 10,000             |
| Chowdhury Leather Co. Ltd. (1998-99)   | 16,026             | 16,026             |
| Millerns Pump (2013-14)  | 12,228             | 12,228             |
| Saiful Enterprise (1992-93)  | 3,302              | 3,302              |
| People Typewriter (1992-93)  | 286                | 286                |
| Ali & Co. (1992-93)  | 7,021              | 7,021              |
| Samad & Sons (1992-93)   | 5,443              | 5,443              |
| Bangladesh Traders   | 1,800              | 1,800              |
| Gafur Enterprise (1992-93)   | 132                | 132                |
| Kazi wood works (1992-93)  | 3,000              | 3,000              |
| Bengal Auto (1992-93)  | 5,000              | 5,000              |
| Dhaka Traders (1992-93)  | 3,000              | 3,000              |
| Welcome Tailors (1992-93)  | 6,000              | 6,000              |
| The Dhaka Oxylarize Ltd. (1992-93)   | 3,000              | 3,000              |
| Rimco Ltd. (1995-96)   | 3,000              | 3,000              |
| BD Leather Development Co. Ltd. (1995-96)  | 3,138              | 3,138              |
| Tilak Enterprise (1996-97)   | 800                | 800                |
| Reliable Leather works (1996-97)   | 3,000              | 3,000              |
| S.K.G. Enterprise (1996-97)  | 3,000              | 3,000              |
| Tanchem Trading (1996-97)  | 3,000              | 3,000              |
| Dewan Traders (1996-97)  | 3,000              | 3,000              |
| Setu Enterprise (1996-97)  | 3,000              | 3,000              |
|  | <b>437,432</b>     | <b>437,432</b>     |
| <b>18 Current account with enterprise-related parties</b>  |                    |                    |
| <i>Running Factory</i>   |                    |                    |
| Urea Fertilizer Factory Ltd. Ghorashal   | 26,515             | 26,515             |
| Chittagong Urea Fertilizer Ltd.  | 17,180             | 17,180             |
| Ashuganj Fertilizer & Chemical Company Ltd.  | 2,008              | 2,008              |
| Jamuna Fertilizer Co. Ltd  | 9,279              | 9,279              |
| BCIC Head Office   | 34,665             | 38,865             |
| Karnaphuli Paper Mills Ltd.  | 9,000              |                    |
| <i>Pay Off/ Closed</i>   |                    |                    |
| Chittagong Chemical Complex  | 75,520             | 75,520             |
| BMI Ltd. (Ujala Match Factory Ltd.)  | 592                | 592                |
|  | <b>174,759</b>     | <b>169,959</b>     |
| <b>19 BCIC Loan Account-related party</b>  | <b>635,000,000</b> | <b>635,000,000</b> |
| This amount of loan had been taken by the Dhaka Leather Company Ltd from BCIC during its establishment period to make payment for its plant and machinery. |                    |                    |
| <b>20 Current Account with BCIC-related party</b>  |                    |                    |
| Opening balance  | 408,589,986        | 393,227,701        |
| Addition during the year   | 26,650,126         | 15,362,285         |
|  | <b>435,240,112</b> | <b>408,589,986</b> |

The company remains closed since 1998 and thereafter this company is funded by the BCIC to meet up its regular expenses such as Officers & staff salary, general administrative overhead etc.





|   | 2017-18<br>Taka   | 2016-17<br>Taka   |
|---|-------------------|-------------------|
| <b>21 Officers &amp; Staff Salary</b>     |                   |                   |
| Officers' Salary                          | 20,041,244        | 10,931,573        |
| Staff Salary                              | 3,149,395         | 2,123,470         |
|   | <b>23,190,639</b> | <b>13,055,043</b> |
| <b>21.1 Officers' Salary</b>              |                   |                   |
| Basic Salary                              | 2,533,575         | 1,805,991         |
| House Rent Allowance                      | 1,304,653         | 786,350           |
| Medical Allowance                         | 84,150            | 48,593            |
| Gratuity & Leave pay                      | 15,421,176        | 7,785,314         |
| Honorarium                                | 6,000             | 6,125             |
| Festival Bonus                            | 392,590           | 294,930           |
| Company's Contribution to P.F             | 228,532           | 171,274           |
| Education Allowance                       | 25,800            | 4,966             |
| Baishakhi Allowance                       | 44,768            | 28,030            |
|   | <b>20,041,244</b> | <b>10,931,573</b> |
| <b>21.2 Staff Salary</b>                  |                   |                   |
| Basic Salary                              | 1,332,513         | 861,297           |
| House Rent Allowance                      | 656,260           | 385,084           |
| Medical Allowance                         | 140,026           | 100,403           |
| Washing Allowance                         | 9,333             | 6,694             |
| Tiffin Allowance                          | 18,668            | 13,387            |
| Gratuity & Leave pay                      | 379,150           | 250,900           |
| Overtime Expenses                         | 185,349           | 232,751           |
| Education Allowance                       | 54,873            | 42,000            |
| Festival Bonus                            | 214,670           | 140,820           |
| Company's Contribution to P.F             | 132,831           | 77,322            |
| Baishakhi Allowance                       | 25,722            | 12,812            |
|   | <b>3,149,395</b>  | <b>2,123,470</b>  |
| <b>22 General Administrative Overhead</b> |                   |                   |
| Electricity Bill                          | 358,004           | 337,049           |
| Gas Bill                                  | 39,000            | 34,200            |
| Repairs & Maintenance                     | 413,443           | 51,469            |
| Casual & Contract Labour Bill             | 2,242,959         | 2,310,326         |
| Uniform & Leverages                       | 25,662            | -                 |
| Audit Fees                                | 50,000            | 50,000            |
| Legal & Professional Fees                 | 75,000            | 70,000            |
| Entertainment Expenses                    | 32,097            | 23,505            |
| Printing & Stationary                     | 16,006            | 16,184            |
| Boards Meeting Expenses                   | 74,000            | 61,095            |
| Land Tax                                  | 40,000            | 40,000            |
| T/DA                                      | 32,165            | 24,737            |
| Office maintenance                        | -                 | 171,920           |
|   | <b>3,398,336</b>  | <b>3,190,485</b>  |

**23 Related Party Transactions**

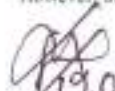
During the year under review, the company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of *BAS 24: Related Party Disclosures*


| Name of the parties  | Relationship                 | Nature of transaction                   | Transactions during the year |                   | Outstanding Balances |                      | Notes ref. |
|--|------------------------------|---|------------------------------|-------------------|----------------------|----------------------|------------|
|  |                              |   | Revenue                      | Cost              | Receivables          | Payables             |            |
| Bangladesh Insulator and Sanitary Wear Factory Ltd.                    | Sister concern of BCIC       | Current Account with enterprise         | -                            | -                 | 2,849,356            | -                    | 8          |
| Triple Super Phosphate Complex Ltd.                                    |                              |   | -                            | -                 | 3,014,253            | -                    | 8          |
| Shahjalal Fertilizer Co. Ltd. (Ex-Natural Gas Fertilizer Company Ltd.) |                              |   | -                            | -                 | 1,426,031            | -                    | 8          |
| Training Institute of Chemical Industries                              |                              |   | -                            | -                 | 5,318                | -                    | 8          |
| Polish Urea Fertilizer Factory Ltd.                                    |                              |   | -                            | -                 | 334                  | -                    | 8          |
| Chhatak Cement Company Ltd.  |                              |   | -                            | -                 | 2,284                | -                    | 8          |
| North Bergle Paper Mills Ltd.  |                              |   | -                            | -                 | 1,461,331            | -                    | 8          |
| Kamafuli Rayon & Chemicals Ltd.  |                              |   | -                            | -                 | 28,930               | -                    | 8          |
| Khulna Newspaper Mills Ltd.  |                              |   | -                            | -                 | 83,362               | -                    | 8          |
| Takenghat Limestone Mining Project                                     |                              |   | -                            | -                 | 1,930                | -                    | 8          |
| Urea Fertilizer Factory Ltd. Ghorashal                                 |                              |   | -                            | -                 | -                    | 26,515               | 18         |
| Chittagong Urea Fertilizer Ltd.  |                              |   | -                            | -                 | -                    | 17,180               | 18         |
| Ashuganj Fertilizer & Chemical Company Ltd.                            |                              |   | -                            | -                 | -                    | 2,008                | 18         |
| Jamuna Fertilizer Co. Ltd.   |                              |   | -                            | -                 | -                    | 9,279                | 18         |
| BCIC Head Office   |                              |   | -                            | -                 | -                    | 34,665               | 18         |
| Karnaphully Paper Mills Ltd.   |                              |   | -                            | 9,000             | -                    | 9,000                | 18         |
| Chittagong Chemical Complex  |                              |   | -                            | -                 | -                    | 75,520               | 18         |
| BMI Ltd. (Ujala Match Factory Ltd.)                                    | -                            | -                                       | -                            | 592               | 18                   |                      |            |
| <b>Sub-total</b>   |                              |   | -                            | <b>9,000</b>      | <b>8,873,149</b>     | <b>174,759</b>       |            |
| BCIC   | Shareholder of DLCL (99.93%) | BCIC Loan Account-related party         | -                            | -                 | -                    | 635,000,000          | 19         |
|  |                              | Current Account with BCIC-related party | -                            | 26,650,126        | -                    | 435,240,112          | 20         |
| <b>Total</b>   |                              |   | -                            | <b>26,659,126</b> | <b>8,873,149</b>     | <b>1,070,414,871</b> |            |

**24 Events after reporting period**

Events after the reporting period are those events, favourable and unfavourable, that occur between the statement of financial position date and the date when the financial statements are authorised for issue. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

However, there is no non adjusting events for this period.

  
19.08.2019  
Managing Director

  
19.8.19  
Director

  
19.08.2019  
Company Secretary