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**Independent Auditor's Report**  
**To the Shareholders of**  
**The Engineers Limited**

**Report on the Audit of the Financial Statements**

**Adverse Opinion**

We have audited the financial statements of **The Engineers Limited** (the "**Company**"), which comprise the statement of financial position as at 30 June 2021 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of significance of the matter discussed in the "Basis for Adverse Opinion" section of our report, the accompanying financial statements do not give a true and fair view of the financial position of the Company as at June 30, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Adverse Opinion**

**1. Material Uncertainty Related to Going Concern:**

The accumulated loss of the company as on 30 June 2021 stands at Tk. (94,759,335). As of that date, the Company's current liabilities stood Tk. 76,465,539 whereas its current assets come to Tk. 44,529,033 therefore, current liabilities exceeded current assets by Tk. 31,936,506. We also draw attention to excessive reliance on short-term borrowing from individuals rather than financial institutes, adverse key financial ratio, substantial operating losses or significant deterioration in the value of assets used to generate cash flow for non-operation sequency since long, inability of dividends payment sequency, inability to obtain financing for essential new project or other essential investment, loss of key management, loss of major market & key customers, emergence of a highly successful competitor, future new contracts with customers difficulties, inability to pay creditors on due dates, inefficiency of key management indicated by financial statements of the company. And the Company has sufficient doubt to conclude or obtain replacement financing in future. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and that the financial statements did not adequately disclose this matter.

2. Advance tax discloses Tk. 33,571,309 as of balance sheet date against which provision for tax is Tk. 28,112,185. Advance and provision are not adjusted in accordance with completed assessment. Consequently, resultant short/excess provision is also not accounted for.

3. Deferred tax has been recognized and measured in the financial statements by the company following necessary guideline of IAS-12.

4. As disclosed in note no. # 09.00 of notes to the financial statements an amount of Tk. 23,830 has been shown as bank balance with Eastern Bank Ltd. CD-8391, Sonali Bank Ltd. CD-875 Tk. 44,951.00, Eastern Bank Ltd. CD-062 Tk. 1,483.00, Pubali Bank Ltd. CD-4190 Tk. 19,934.00 respectively. Above balances are being carried forward since long showing without any movement since no bank statements were provided, we could not confirm the accuracy and existence of the said balances.

5. **“Party advance (against Pahartoli Land)”** Tk. 900,000 are being carried forward from year after year without any adjustment. It is reported that Tk. 900,000 was given to Mrs. Tahura Begum for purchase of Pahartali Land at Chittagong but unfortunately the lady died on 19.12.1995. A suit against her heirs have been filed with Chittagong Civil Court for registration of land which is expected to be settled in near future.
6. **Related Party Disclosure (IAS-24):**  
The Company has taken loan total amount Tk. 3,848,568 from the Directors. But no Board resolution or agreement was made between the Directors and the Company which is a material mis-statement by quality / nature. Therefore, no interest was charged by the company against the loan amount. The company has not provided any required disclosure regarding related party transaction mentioned in note no. # 14.01 in the notes to the financial statements. Following **Paragraph 18 of IAS 24: “Related Party Disclosures”**. Major portion of transaction with directors have been made by cash which is a violation of Companies Act 1994 and Income Tax Ordinance 1984.
7. Investment in Shares in BCL Tk. 110,000 has been carried forward for a long period without making any adjustment and no return has yet been obtained. Thus, the amount seems to be doubtful of recovery for which no provision has been maintained in accordance with IFRS-9.
8. An amount of Tk. 27,375,592 (note # 14,15 & 18) has been shown as several balances of Liability in the financial statements. The figure has been carrying forward for a long period without making any adjustment. As per section **19(c) of ITO-1984**, any trading liability or portion thereof as has not been paid within three years of the expiration of the income year in which deduction was made in respect of the liability, such liability or portion, as the case shall be deemed to be the income of the assesses from business or profession during the income year immediately following the expiry of the said three years.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in jurisdictions, and we have fulfilled our other ethical responsibilities in accordance these requirements and with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Adverse section* we have determined the matters described below to be the key audit matters to be communicated in our report.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

We have determined no key audit matters to communicate in our report.

#### **Other Information**

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditor's report thereon.



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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the company.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

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 but not for the purpose expressing an opinion on the effectiveness of the company's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the company's 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations, we also report the following:

- 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 accounts as required by law have been kept by company so far as it appeared from our examination of these books;
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred and payments were made for the purpose of the company's business.

Place, Dhaka  
October 28, 2021



**Md. Shafiqul Islam FCA**  
Enrolment # 595  
Partner  
**Shafiq Basak & Co.**  
Chartered Accountants  
DVC: 2111110595AS298578

**THE ENGINEERS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

Particulars	Notes	Amount in Taka	
		30.06.2021	30.06.2020
<b>ASSETS:</b>			
<b>NON CURRENT ASSETS:</b>		<b>21,876,675</b>	<b>26,147,015</b>
Property, Plant, and Equipment (PPE)	3.00	21,766,675	26,037,015
Investment in Shares in BCL	4.00	110,000	110,000
<b>CURRENT ASSETS:</b>		<b>44,529,033</b>	<b>326,588,945</b>
Work-in-Progress	5.00	-	214,267,731
Investment in FDR	6.00	-	69,453,031
Advances, Deposits & Pre-payments	7.00	6,029,141	3,314,141
Advance Income Tax	8.00	33,571,309	32,239,659
Cash and Cash Equivalents	9.00	4,928,583	7,314,383
<b>TOTAL ASSETS</b>		<b>66,405,708</b>	<b>352,735,960</b>
<b>SHARE HOLDER'S EQUITY &amp; LIABILITY:</b>			
<b>SHARE HOLDERS EQUITY:</b>		<b>(10,059,831)</b>	<b>49,340,831</b>
Share Capital	10.00	2,000,000	2,000,000
General Reserve	11.00	82,699,504	82,699,504
Retained Earning	12.00	(94,759,335)	(35,358,673)
<b>CURRENT LIABILITIES:</b>		<b>76,465,539</b>	<b>303,395,129</b>
Bank Overdraft (Secured)	13.00	-	77,160,769
Loan from Directors & Associates (Unsecured)	14.00	29,970,554	18,379,683
Due to Associated Organization	15.00	385,762	385,762
Creditors & Accruals	16.00	7,221,773	7,568,023
Advance Received Against Works	17.00	-	162,145,092
Advance Received Against Land Sale	18.00	10,000,000	10,000,000
Dividend Payable	19.00	975,265	975,265
Provision for Current Income Tax	20.00	27,912,185	26,780,535
<b>TOTAL SHARE HOLDER' EQUITY &amp; LIABILITY</b>		<b>66,405,708</b>	<b>352,735,960</b>
<b>Net Asset Value per Share (NAVPS)</b>		<b>(502.99)</b>	<b>2,467.04</b>
<b>Number of shares used to compute NAVPS</b>		<b>20,000</b>	<b>20,000</b>

The annexed notes from an integral part of these financial statements.

  
**Director**

  
**Director**

Singed in terms of our separate report of even date

Place, Dhaka  
 October 28, 2021

  
**Md. Shafiqul Islam FCA**  
 Enrolment No:595  
 Partner  
**Shafiq Basak & Co.**  
 Chartered Accountants  
 DVC: 2111140595AS298578

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**THE ENGINEERS LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Particulars	Notes	Amount in Taka	
		2020-2021	2019-2020
<b>REVENUE INCOME:</b>			
Income	21.00	60,332,000	67,000,610
Less: Direct Expenses	22.00	55,279,876	69,784,644
<b>Gross Profit</b>		<b>5,052,124</b>	<b>(2,784,034)</b>
<b>LESS: EXPENSES</b>			
		<b>67,280,737</b>	<b>17,671,262</b>
Overhead	23.00	10,748,498	12,760,964
Board Meeting Fees	24.00	27,500	4,500
Audit Fee	25.00	69,000	69,000
Loss in Iraq Project		52,122,639	
Depreciation		4,313,100	4,836,798
Operating Profit / (Loss)		<b>(62,228,613)</b>	<b>(20,455,296)</b>
<b>Non Operating Income:</b>			
Interest on FDR	26.00	3,959,601	6,307,435
<b>Net Profit (Loss) before tax</b>		<b>(58,269,012)</b>	<b>(14,147,861)</b>
Less: Provision for Current Income Tax	20.00	(1,131,650)	(2,164,622)
<b>Net Profit (Loss) after tax</b>		<b>(59,400,662)</b>	<b>(16,312,483)</b>
<b>Earning Per Share (EPS):</b>			
<b>Number of shares used to compute EPS</b>	28.00	<b>(2,970.03)</b>	<b>(815.62)</b>
		<b>20,000</b>	<b>20,000</b>

The annexed notes from an integral part of these financial statements.

  
**Director**

  
**Director**

Place, Dhaka  
 October 28, 2021

  
**Md. Shafiqul Islam FCA**  
 Enrolment No:595  
 Partner  
**Shafiq Basak & Co.**  
 Chartered Accountants  
 DVC: 2111140595AS298578

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**THE ENGINEERS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Particulars	Share Capital	General Reserve	Retained Earnings	Total
Balance as at 01.07.2020	2,000,000	82,699,504	(35,358,673)	49,340,831
Add: Net Profit after tax	-	-	(59,400,662)	(59,400,662)
<b>Balance as at 30.06.2021</b>	<b>2,000,000</b>	<b>82,699,504</b>	<b>(94,759,335)</b>	<b>(10,059,831)</b>

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Particulars	Share Capital	General Reserve	Retained Earnings	Total
Balance as at 01.07.2019	2,000,000	82,699,504	(18,546,190)	66,153,314
Add: Net Profit after tax	-	-	(16,312,483)	(16,312,483)
Dividend			(500,000)	(500,000)
<b>Balance as at 30.06.2020</b>	<b>2,000,000</b>	<b>82,699,504</b>	<b>(35,358,673)</b>	<b>49,340,831</b>

  
 Director

  
 Director



**THE ENGINEERS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Particulars	Notes	Amount in Taka	
		1 July 2020 to 30 June 2021	1 July 2019 to 30 June 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Revenue Income	21.00	60,332,000	67,000,610
Direct Expenses	22.00	(55,279,876)	(69,784,644)
Operational Expenses		(10,844,998)	(12,834,464)
Cash paid to Suppliers & Employees	29.00	(3,061,250)	19,142,294
Tax Paid (AIT)	30.00	(1,331,650)	(2,164,622)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>(10,185,774)</b>	<b>1,359,174</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Interest income from FDR		3,959,601	6,307,435
FDR Investment/Encashment		69,453,031	(260,113)
Purchase of Property, Plant & Equipment		(42,760)	(5,005,397)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>73,369,872</b>	<b>1,041,925</b>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
Bank Loan-Overdraft (Increase)		(77,160,769)	15,696,153
Loan to Directors & Associates		11,590,871	(13,663,199)
Dividend Paid			(312,006)
<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES</b>		<b>(65,569,898)</b>	<b>1,720,948</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENT (A+B+C)</b>		<b>(2,385,800)</b>	<b>4,122,047</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING</b>		<b>7,314,383</b>	<b>3,192,336</b>
<b>CASH &amp; CASH EQUIVALENTS AS END</b>		<b>4,928,583</b>	<b>7,314,383</b>
<b>Net Operating Cash Flows Per Share</b>		<b>(509.29)</b>	<b>67.96</b>
<b>Number of shares used to compute NOCFPS</b>		<b>20,000</b>	<b>20,000</b>

  
**Director**

  
**Director**



# THE ENGINEERS LIMITED

## SCHEDULE OF FIXED ASSETS

AS AT 30th JUNE, 2021

Annexure-A

Particulars	Cost			Rate of Depreciation	Depreciation			Written down value as at 30 June, 2021
	Balance as at 31 July, 2020	Addition during the period	Balance as at 30 June, 2021		Balance as at 31 July, 2020	Charged during the period	Balance as at 30 June, 2021	
Land	25,500	-	25,500	-	-	-	25,500	
Plant & Machineries	30,868,157	-	30,868,157	15%	2,671,385	15,730,306	15,137,851	
Motor Vehicles	18,337,427	-	18,337,427	20%	1,572,973	12,045,534	6,291,893	
Motor Cycle	106,362	-	106,362	20%	660	103,722	2,640	
Bi-Cycle	15,138	-	15,138	20%	-	15,138	-	
Boat & Outboard Engine	56,985	-	56,985	10%	3	56,954	31	
Furniture	298,509	-	298,509	10%	16,052	154,046	144,463	
Electric fan & Air conditioner	223,703	-	223,703	20%	20,766	140,638	83,065	
Radio & Television	5,921	-	5,921	10%	-	5,921	-	
Tools & Implements	726,808	-	726,808	15%	851	721,983	4,825	
Computer & Printer	141,500	42,760	184,260	30%	29,843	111,063	73,197	
Type writer & office equipment	283,719	-	283,719	15%	567	280,509	3,210	
<b>Total</b>	<b>51,089,729</b>	<b>42,760</b>	<b>51,132,489</b>		<b>4,313,100</b>	<b>29,365,814</b>	<b>21,766,675</b>	

Depreciation on Additional fixed assets is charged when the asset is available for use.

