

PRIVATE & CONFIDENTIAL

**AUDIT REPORT
&
FINANCIAL STATEMENTS
OF
KARIM JUTE MILLS LIMITED (KJML)
A UNIT OF BANGLADESH JUTE MILLS CORPORATION (BJMC)
FOR THE YEAR ENDED ON 30TH JUNE, 2023**



এ.মতীন এন্ড কোং

A. MATIN & CO.

CHARTERED ACCOUNTANTS

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Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDERS

KARIM JUTE MILLS LIMITED

DEMRA, DHAKA

FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2023

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the financial statements of company, which comprises of the Statement of Financial Position as at 30th June, 2023 Statement of profit or loss and other comprehensive income, Statement of Changes in Equity and Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying Financial Statements present fairly in all material respects or give a true and fair view of the Financial Position of the Company as at 30th June, 2023 and of its Financial Performance and Cash Flows for the period then ended accordance with the International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

With modification to this report, we would like to state that

1. During the audit, it was found that the entity charged depreciation on revalued assets directly to the revaluation reserve, bypassing the profit or loss. This treatment is non-compliant with IAS 16, which requires depreciation to be recognized in profit or loss, not in equity. While a portion of the revaluation surplus may be transferred to retained earnings, it must not replace proper expense recognition. This results in overstated profit and misstatement of financial statement. Although the current treatment gives the same overall result but the recognition is not in compliance with IFRS. Management should correct the treatment to comply with IAS 16.
2. During our audit, we observed that the entity did not comply with IAS 2 – Inventories, which requires inventory to be valued at the lower of cost or net realizable value (NRV). The entity valued Stock of Stores & Spares amounting to Tk. 169,401,574/- (Note-2.00) at historical cost without considering their NRV, despite the presence of obsolete, damaged, or slow-moving inventory.
3. We observed that the prior year adjustments amount of Tk. 68,137,345/- (Note 30.00) include both changes in accounting estimates and prior period errors. For instance, over or under-provisions related to gratuity and other provisions are changes in estimates. As per IAS 8, these should be treated prospectively affecting only the current and future periods, and not adjusted as prior year items. In contrast, items such as overstatement or understatement of sundry or local trade debtors represent prior period errors and should be corrected retrospectively through restatement of prior period financial statements. We also noted that the occurrence of prior period errors in multiple consecutive years significantly affects the credibility and reliability of the financial statements.





4. During the audit, we have observed that the entity has not revalued its property, plant and equipment and conducted an impairment review since the financial year 2016–17. This is a non-compliant with IAS 16 Property, Plant and Equipment, paragraph 31, which requires revaluations with sufficient regularity to reflect fair value, and IAS 36 Impairment of Assets, paragraph 9, which requires annual assessment of impairment. The lack of regular revaluation and impairment assessment may result in the overstatement or understatement of asset's carrying amount.
5. The entity has not recognised income tax expenses and liabilities which is a non-compliance with the requirements of IAS 12 Income Tax. Additionally, Source Tax of Tk. 2,039,385/- and AIT on car of Tk. 25,000/- and AIT on licence fee were expensed in the statement of profit or loss and other comprehensive income instead of being recognised as current tax assets to the extent they are recoverable against future tax liabilities, as per IAS 12 Income Tax.

We conducted our Audit in accordance with the International Standards on Auditing (ISAs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We are independent of the Company in accordance with Code of Ethics Issued by the International Ethics Standards Board for Accountants (IESBA) Code of Ethics as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of the Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide our basis for our qualified opinion.

Responsibilities of the Management and those charged with Governance for the Financial Statement

Management is responsible for the preparation of Financial Statement in accordance with the accounting policies of the Company 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 Statement, 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 if 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statement 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 Audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material, if individually or in the aggregate, they could be reasonable by expected to influence the economic decisions of users taken on the basis of these Financial Statements.





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As part of an Audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the Audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statement, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. 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 Financial Statements including the disclosures and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with Governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, we also report the following except for the effects of the matter described in the Basis for Qualified Opinion:

- a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose 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 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.

Monika Nashat Matin, FCA
Enrolment No. 1968
A. Matin & Co.
Chartered Accountants

DVC: 2505221968 AS 362688

Dhaka, Bangladesh

Dated: 22 MAY 2025





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A. MATIN & CO.
Chartered Accountants

KARIM JUTE MILLS LIMITED
AN ENTERPRISE OF BANGLADESH GOVT. UNDER BJMC
DEMRA, DHAKA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2023


Particulars	Notes	Amount in Taka	
		FY 2022-2023	FY 2021-2022
A. Assets			
Non-current Assets			
Property Plant & Equipments (At Cost/Revaluation Less Accumulated Depreciation)	1.00	11,895,677,455	12,089,365,543
Current Assets			
Stock of Stores & Spares	2.00	169,401,574	171,365,825
Debtors (Less: Provision)	3.00	320,606,278	351,966,233
Due from BJMC Mills	4.00	75,611,892	75,753,301
Advances, Deposits & Prepayments	5.00	11,155,629	11,418,575
Interim Revenue Support Receivable	6.00	11,005,640	11,005,640
Cash & Bank Balances	7.00	50,363,580	245,975,838
Total Assets		638,144,593	867,485,412
		12,533,822,049	12,956,850,955
B. Equity & Liabilities			
Equity			
Authorized 1,250,000 Ordinary Shares of TK.10/= each	8.00	12,500,000	12,500,000
Issued, Subscribed & paid up	9.00	9,900,000	9,900,000
Government Equity Contribution	10.00	75,726,829	75,726,829
Retained Earnings	11.00	(8,431,853,624)	(8,242,690,968)
Reserve	12.00	11,871,331,704	11,976,636,403
		3,525,104,909	3,819,572,264
Non-current Liabilities			
BJMC Current Account	13.00	636,016,510	627,931,667
Long Term Loan	14.00	7,968,841,768	7,954,829,103
Gratuity Liabilities	15.00	125,985,600	134,098,176
		8,730,843,878	8,716,858,946
Current Liabilities			
Bank Overdraft	16.00	114,118,824	114,068,824
Liabilities for Goods	17.00	1,447,727	1,905,501
Liabilities for Expenses	18.00	54,402,553	58,011,188
Liabilities for Other Finance	19.00	42,046,269	83,842,624
Due to BJMC Mills	20.00	18,893,832	28,094,417
Gratuity Payable Account	21.00	46,964,056	134,497,191
Total Liabilities		277,873,261	420,419,745
		12,533,822,049	12,956,850,955

The financial statement should be read in conjunction with annexed notes.

Accounts Head

Signed in terms of our separate report of even date annexed

Project Head


Monika Nashat Matin, FCA
Enrolment No. 1968
A. Matin & Co.
Chartered Accountants

Place: Dhaka, Bangladesh

Dated:

22 MAY 2025



KARIM JUTE MILLS LIMITED
AN ENTERPRISE OF BANGLADESH GOVT. UNDER BJMC
DEMRA, DHAKA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2023

Particulars	Notes	FY 2022-2023	FY 2021-2022
		Total (Taka)	Total (Taka)
Revenue			
Local Sales	23.00	1,875,716	1,617,159
Less: Cost of Goods Sold	24.00	1,875,716	1,617,159
Gross Profit/(Loss)		119,621,901	115,902,017
Less: Operating Expenses		(117,746,185)	(114,284,858)
Administrative Expenses	25.00	15,892,772	2,732,491
Selling Expenses	26.00	-	221,038
Operating Profit/(Loss)		15,892,772	2,953,529
Less: Financial Expenses		(133,638,957)	(117,238,387)
Add: Non-Operating Income	27.00	-	(23,111,086)
Net Profit/Loss before tax	28.00	17,355,093	20,237,286
Less: rates & Taxes/ AIT		(116,283,864)	(120,112,187)
Net Profit/Loss after tax	29.00	4,741,447	6,180,582
		(121,025,311)	(126,292,769)

The financial statement should be read in conjunction with annexed notes.

Accounts Head

Project Head

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

Place: Dhaka, Bangladesh

Dated: 22 MAY 2025


Monika Nashat Matin, FCA
Enrollment No. 1968
A. Matin & Co.
Chartered Accountants

DVC:

2505221968 AS 362686



KARIM JUTE MILLS LIMITED
AN ENTERPRISE BANGLADESH GOVT. UNDER BJMC
DEMRA, DHAKA.
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2023

Particulars	Share capital	Equity contribution	Reserve	Profit/(Loss)	Total
Opening balance at 1 July 2022	12,500,000	75,726,829	11,976,636,403	(8,242,690,968)	3,822,172,264
Adjustment for revaluation					
Revaluation Reserve during this year					
Dep. on revaluation on assets	-	-	(32,161,399)	(68,137,345)	(32,161,399)
Prior year adjustment	-	-	-	(121,025,311)	(68,137,345)
Net Profit/(Loss) After Tax	-	-	-	(121,025,311)	(121,025,311)
Closing balance as on 30 June 2023	12,500,000	75,726,829	11,944,475,004	(8,431,853,624)	3,600,848,209

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2022

Particulars	Share capital	Equity contribution	Reserve	Profit/(Loss)	Total
Opening balance at 1 July 2021	12,500,000	75,726,829	12,058,797,396	(8,083,114,509)	4,547,322,658
Adjustment for revaluation					
Revaluation Reserve during this year					
Dep. on revaluation on assets	-	-	(82,160,993)	(33,283,690)	(14,168,122)
Prior year adjustment	-	-	-	(126,292,769)	(296,484,932)
Net Profit/(Loss) After Tax	-	-	-	(126,292,769)	(222,759,482)
Closing balance as on 30 June 2022	12,500,000	75,726,829	11,976,636,403	(8,242,690,968)	3,822,172,264



KARIM JUTE MILLS LIMITED
AN ENTERPRISE OF BJMC
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30TH JUNE 2023

Particulars	Amount in Taka	
	FY 2022-2023	FY 2021-2022
A. Cash Flow from Operating Activities		
Net profit/ (loss)	(121,025,311)	(126,292,769)
Depreciation during the year	11,771,489	11,711,262
Depreciation on Revaluation during the year	32,161,399	32,161,399
Net Prior year adjustment profit/(loss)	(68,137,345)	(33,283,690)
	(145,229,768)	(115,703,797)
Stock of Stores & Spares	1,964,251	3,789,307
Debtors (less: Provisions)	31,359,955	32,836,853
Due from BJMC Mills	141,409	(43,636)
Advance, Deposits & prepayment	262,946	693,863
Bank Overdraft	50,000	(3,787,700)
Liabilities for Goods	(457,774)	(179,064,205)
Liabilities for Expenses	(3,608,635)	(4,476,443)
BJMC Current Account	8,084,843	101,075,309
Due to BJMC Mills	(9,200,585)	782
Gratuity Liabilities (Provision)	(87,533,135)	5,517,805
	(58,936,725)	(43,458,065)
Net Cash Used in Operating Activities	(204,166,493)	(159,161,862)
B. Cash Flow from Investing Activities		
Addition of Fixed Assets	(244,800)	(127,627)
Sales proceeds	76,856,700	-
Revaluation Downward	73,143,300	-
Long Term Loan	14,012,665	630,896,291
Capital work in process	-	-
	163,767,865	630,768,664
C. Cash Flow from Financing Activities		
Liabilities for Other Finance	(41,796,355)	4,787,126
Reserve	(105,304,699)	(32,161,399)
Gratuity Liabilities	(8,112,576)	(341,243,638)
	(155,213,630)	(368,617,911)
D. Increase/(Decrease) in Cash and Bank Balance	(195,612,257)	102,988,891
E. Cash and Bank Balance at beginning of the year	245,975,838	142,986,947
F. Cash and Bank Balance at end of the year	50,363,580	245,975,838

This is the statement of cash flow to in our separate report of even date.

Accounts Head

Project Head





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Chartered Accountants

Karim Jute Mills Limited

Notes to the Financial Statements And Significant Accounts Policies Notes
For the year ended June 30, 2023

A. Background of the Company

Karim Jute Mills Limited, located at Demra, Jatrabari, Dhaka controlled by BJMC-a state-owned corporation under the Ministry of Textiles and Jute. The Mill were incorporated under the Companies Act 1913 in 20th August, 1957.

Address of Registered Office:

The company has its registered address at Demra, Jatrabari, Dhaka.

B. Objective & Nature Of Business

The primary objective of Karim Jute Mills Limited is to ensure the efficient utilization of resources, enhance productivity, achieve optimum production targets, and procure quality raw jute at fair prices in a timely and ethical manner according to demand. The company is committed to producing high-quality jute goods, diversifying its product line, ensuring a safe production environment, adhering to jute-related policies and strategies, and implementing technologically advanced and electronic-based management systems. The vision is to transform the company into a profitable and sustainable enterprise through innovative ideas and modern practices.

C. Significant Accounting Policies

Basis of Preparation and Presentation of Financial Statements:

The Financial Statements have been prepared following under historical cost convention and International Accounting Standards (IASs), International Financial Reporting Standards (IFRS), The Companies Act, 1994, wherever appropriate the policies are explained in the succeeding notes.

IAS-1 Presentation of Financial Statements

IAS-7 Statement of Cash Flows

IAS-16 Property, Plant & Equipment

IAS-37 Provisions, Contingent Liabilities and Contingent Assets

IFRS-9 Financial Instruments

IFRS-15 Revenue from Contracts with Customers

Accounting Period:

Accounting period of the company have drawn for the period from 01 July 2022 to 30 June 2023.

Components of Financial Statements:

The Financial Statements include the following components as per IAS 1 "Presentation of Financial Statements".

i) Statement of Financial Position as at June 30, 2023

ii) Statement of comprehensive income for the year ended June 30, 2023

iii) Statement of Cash Flow for the year ended June 30, 2023

iv) Statement of Changes in Equity for the year ended June 30, 2023

v) Notes to the Financial Position and Significant Accounting Policies Notes.

Accrual Basis of Accounting:

The Financial Statements of the company have been prepared under the historical cost convention & in compliance with the Bangladesh Financial Reporting Framework & the requirements of the Companies Act, 1994 & other relevant local laws & regulations as applicable.



Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for goods and services provided in the normal course of business. Sales of goods are recognized when goods are delivered and has passed.

Non Current Assets:

Recognition and Measurement

Items of property, plant and equipment are measured at cost including revaluation less accumulated depreciation less impairment loss, if any.

Cost includes expenditure that is directly attributable to the acquisition of assets. The cost of self constructed assets includes the cost of material and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an items of property, plant and equipment have different usefully lives, they are accounted for as separates items (major components) of property, plant and equipment's.

Depreciation of Fixed Assets

Depreciation on all plant and equipment has been charged separately on original cost & revaluation reserve by reducing balance method considering the economic and technical lives of the same. Depreciation charged on original cost is recognized on the profit & loss for the year & depreciation charged on revaluation reserve is recognized in the statement of changes in equity. Full-year depreciation is charged on assets during the year of acquisition irrespective of its date of acquisition. Depreciation has been charged for full year during the period under audit.

Taxation

Current income tax is recognized on the basis of company's computation based on the best estimate of total income applying Income Tax Act, 2023.

Provision

Provisions have been recognized when there is a present obligation as a result of past events and settlement is expected to result in an outflow of resources. The amount is measured and recognized and provision at the best estimate of the expenditure required to settle the obligation of balance sheet date as per IAS 37- Provision, Contingent Liabilities & Contingent Assets.

GENERAL

The Figures in the Financial statement have been rounded off in the nearest Taka.

Where considered necessary, previous year phrases and figure have been re-arranged to confirm to the current period's clarification.

Going Concern

The company has commenced their business in 1972 but the company has discontinued its operations and failed to generate any revenue since the financial year 2020 .There is a significant doubt over the ability of the entity to continue as a going concern in the foreseeable future.