

Bangladesh Power Equipment Manufacturing Company Limited
Plot-9/F, Sena Kalyan Commercial Complex
4th Floor, Tongi, Gazipur

Bangladesh Power Equipment Manufacturing Company Limited
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

As at & for the year ended June 30, 2021

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Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS
OF
Bangladesh Power Equipment Manufacturing Company Limited

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of **Bangladesh Power Equipment Manufacturing Company Limited** 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, respects of the financial position of the company as at 30 June 2021, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual report 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.



Responsibilities of Management of Those Charged with Governance for the Financial

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards (IFRSs), 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 preparation 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 of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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, designed and performed 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.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedure 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 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 achieves fair presentation.

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 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 account as required by law have been kept by the company so far as it appeared from our examination of those 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 account; and returns.

Place: Dhaka
Dated: 28 October 2021

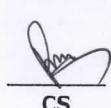


W. Hasan Suman
Md. Farhad Husain Suman FCA
Partner, Enroll No. :1635
K. M. HASAN & CO.
Chartered Accountants
DVC: 2111091635AS230245

Bangladesh Power Equipment Manufacturing Company Limited
Statement of Financial Position
As at 30 June 2021

	Notes	30-Jun-21 Taka	30-Jun-20 Taka
ASSETS			
Non Current Assets			
Property, Plant and Equipment	4	34,035,626	-
Capital Work in Progress	5	-	12,696,621
		34,035,626	12,696,621
Current Assets			
Advance, Deposit & Prepayments	6	4,190,268	3,242,750
Advance income tax	7	53,177,446	50,023
Inventories	8	132,250,508	-
Accounts Receivable	9	148,314,101	-
Cash and Cash Equivalents	10	487,362,538	872,079
Investment in Fixed Deposit Receipts	11	175,022,800	20,364,000
		1,000,317,661	24,528,852
Total Assets		1,034,353,287	37,225,473
EQUITY AND LIABILITIES			
Equity			
Share Capital	12	75,982,080	36,000,000
Share Money Deposit		-	131,352
Retained Earnings		135,749,220	(212,232)
		211,731,300	35,919,120
Current Liabilities			
Accounts payable	13	652,488,922	-
Liability For Expenses	14	2,152,340	1,143,776
Short term loan		100,000,000	-
Provision for WPPF		9,711,532	-
Provision for Income Tax	15	58,269,193	162,577
		822,621,987	1,306,353
Total Equity and Liabilities		1,034,353,287	37,225,473

The Annexed notes form an integral part of these financial statements.



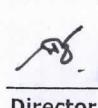
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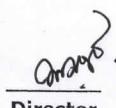
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CEO



Director



Director

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



Md. Farhad Husain Suman FCA
 Partner, Enroll No. :1635
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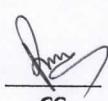
Place: Dhaka
 Dated: 28 October 2021



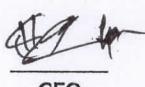
Bangladesh Power Equipment Manufacturing Company Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30 2021

	Notes	30-Jun-21 Taka	30-Jun-20 Taka
Revenue			
Less: Cost of goods sold	16	965,081,380 (724,632,081)	-
Gross Profit		240,449,299	-
Less: Operating Expenses			
Administrative Expenses	17	26,456,779	(549,893)
Selling and Distribution Expenses	18	244,675	-
		26,701,454	(549,893)
Operating Profit / (Loss)		213,747,845	(549,893)
Other Income	19	304,985	500,238
Interest Income	20	3,190,185	-
Finance Cost	21	(13,300,838)	-
		(9,805,667)	500,238
Profit/(Loss)Before Contribution to WPPF		203,942,178	(49,655)
Contribution to WPPF		(9,711,532)	-
Profit/(Loss)Before Tax		194,230,646	(49,655)
Provision for Income Tax		(58,269,194)	(162,577)
Profit/(Loss) After Tax		135,961,452	(212,232)
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss)		135,961,452	(212,232)

The Annexed notes form an integral part of these financial statements.



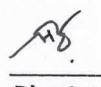
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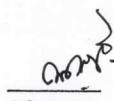
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 Partner, Enroll No. :1635
 K. M. HASAN & CO.
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 DVC: 2111091635AS230245

Place: Dhaka
 Dated: 28 October 2021



Bangladesh Power Equipment Manufacturing Company Limited
Statement of Changes in Equity
For the year ended June 30 2021

Amount in Taka

Particular	Share Capital	Share Money Deposits	Retained Earnings/ (Losses)	Total
Opening Balance	36,000,000	131,352	(212,232)	35,919,120
Add: Addition during the year	39,850,728	-	-	39,850,728
Transferred to Share Capital	131,352	(131,352)	-	-
Profit after tax for the year	-	-	135,961,452	135,961,452
Balance as at 30 June 2021	75,982,080	-	135,749,220	211,731,300

For the year ended June 30, 2020

Amount in Taka

Particular	Share Capital	Share Money Deposits	Retained Earnings/ (Losses)	Total
Issued share capital	36,000,000	131,352	-	36,131,352
Loss after tax for the year	-	-	(212,232)	(212,232)
Balance as at 30 June 2021	36,000,000	131,352	(212,232)	35,919,120


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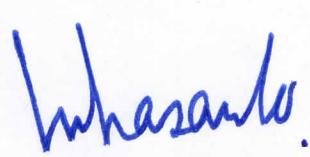

Director


Director

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

Place: Dhaka
Dated: 28 October 2021




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Bangladesh Power Equipment Manufacturing Company Limited
Statement of cash flow
For the year ended 30 June 2021

A. CASH FLOWS FROM OPERATING ACTIVITIES

Net profit/(Loss) before tax

Adjustments for Non-Cash Items:

Depreciation

Changes in working capital:

(Increase)/Decrease in advance, deposits & prepayments

(Increase)/Decrease in Advance income tax

(Increase)/Decrease in Inventories

(Increase)/Decrease in Accounts Receivable

Increase/(Decrease) in Liabilities for expenses

Increase/(Decrease) in Accounts Payable

Increase/(Decrease) in Provision for WPPF

Income Tax Paid

Cash flows from/(used in) operation

Net cash flows from/(used in) operating activities

30-Jun-21
Taka

194,230,646	(49,655)
4,111,254	-
198,341,900	(49,655)

30-Jun-20
Taka

(947,518)	(3,242,750)
(53,127,423)	(50,023)
(132,250,508)	-
(148,314,101)	-
1,008,564	1,143,776
652,488,922	-
9,711,532	-
(162,578)	-
328,406,890	(2,148,997)
526,748,790	(2,198,652)

B. CASH FLOWS FROM INVESTING ACTIVITIES

Capital work-in-progress

Property, Plant and Equipment

Investment in Fixed Deposit Receipts (FDR)

Net cash flows (used in) investing activities

12,696,621	(12,696,621)
(38,146,880)	-
(175,022,800)	-
(200,473,059)	(12,696,621)

C. CASH FLOWS FROM FINANCING ACTIVITIES

Share Capital

Share Money Deposit

Short term loan

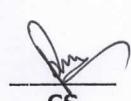
Net cash flows from financing activities

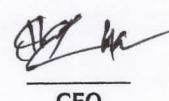
39,982,080	36,000,000
(131,352)	131,352
100,000,000	-
139,850,728	36,131,352
466,126,458	21,236,079
21,236,079	-
487,362,538	21,236,079

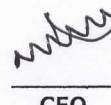
D. Changes in cash and cash equivalents (A+B+C)

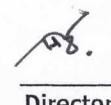
Opening cash and cash equivalents

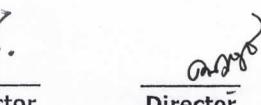
E. Closing cash and cash equivalents


CS


CFO


CEO


Director


Director

Place: Dhaka

Dated: 28 October 2021



Bangladesh Power Equipment Manufacturing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2021

1.1 Legal status

"Bangladesh Power Equipment Manufacturing Company Limited" incorporated in Bangladesh with the Register of Joint Stock Companies and Firms (RJSC) vide registration no C-156671/ dated 31 October 2019 as a private limited company under the companies Act, 1994 after getting cabinet approval on 19 August 2019. The Company also got KEMA certificate on 28 May 2020 and Trade License on 30 June 2020. The register office of the company is at House#19, Road#1/B, Sector#9, Uttara, Daka.

1.2 Nature of business

The principal activities of BPEMC are to carry on the business with the object of assembling and manufacturing kWh meters, smart prepayment meters and other related equipment that means smart prepayment meters and other electric items.

2. Basis of Preparation of Financial Statements

2.1 Statement of Compliance

The financial statements have been prepared in compliance with the requirement of the International Financial Reporting Standards (IFRSs), The Companies Act ,1994 and other relevant and applicable local laws and regulations.

2.2 Presentation of Financial Statements

The presentation of these financial statements is in accordance with the guidelines provided by **IAS 1: Presentation of Financial Statements**.

The financial statements comprise of:

- a) Statement of Financial Position as at 30 June 2021;
- b) Statement of Profit or Loss and Other Comprehensive Income from 1st July 2020 to 30 June 2021;
- c) Statement of Changes in Equity from 1st July 2020 to 30 June 2021;
- d) Statement of Cash Flows from 1st July 2020 to 30 June 2021;
- e) Notes to the financial statements, comprising a summary of significant accounting policies and explanatory information from 1st July 2020 to 30 June 2021;

2.3 Other Regulatory Compliance

The Company is required to comply with amongst others, the following laws and regulations with latest amendments:

- a) The Companies Act 1994;
- b) The Income Tax Ordinance 1984 with latest amendments;
- c) The Income Tax Rules 1984 with latest amendments; and
- d) The Value Added Tax and Supplementary Duty Act, 2012 with latest amendments;



2.4 Reporting Currency and Level of Precision

The financial statements are prepared and presented in Bangladeshi Currency (Taka), which is the company's functional currency. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

2.5 Accrual Basis

The financial statements have been prepared, except cash flow information, using the accrual basis of accounting.

2.6 Going Concern

The Company has adequate resources to continue in operation for the foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment, there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

2.7 Reporting Period

The financial year of the Company covers from 1st July 2020 to 30 June 2021.

3 Income Tax Expenses

The computation of current year income tax has been made in accordance with the provision of Finance Act 2021.

3.1 Provisions

Provisions are liabilities of uncertain timings or amount. Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.



4 PROPERTY, PLANT AND EQUIPMENT

Amount in Taka

Particulars	Cost			Rate %	As at July 01,2020	As at June 30,2021	Charged during the year	Depreciation	Adjustment during the year	As at June 30,2021	Written down value at June 30,2021
	As at July 01,2020	Addition during the year	Disposal during the year								
Plant Equipment	-	20,657,916		10%	-	20,657,916	1,032,896	-	1,032,896	19,625,020	
Office Equipment	-	838,835		20%	-	838,835	75,354	-	75,354	763,481	
Furniture Fixture	-	1,528,700		20%	-	1,528,700	270,837	-	270,837	1,257,863	
Air Condition	-	5,125,295		20%	-	5,125,295	939,637	-	939,637	4,185,658	
Interior Decoration	-	9,996,134		20%	-	9,996,134	1,792,530	-	1,792,530	8,203,604	
Balance as at 30.06.2021	-	38,146,880				38,146,880	4,111,254		4,111,254	34,035,626	
Balance as at 30.06.2020	-	-				-	-		-	-	



	2021 <u>Taka</u>	2020 <u>Taka</u>
5 Capital work in Progress		
Opening balance	12,696,621	-
Add: Addition during the year	-	12,696,621
	<u>12,696,621</u>	<u>12,696,621</u>
Less: Capitized to property,plant and equipment (5.1)	<u>(12,696,621)</u>	-
Closing balance	<u>-</u>	<u>12,696,621</u>
5.1 Capital work in Progress		
Interior Decoration	-	12,134,300
Plant & Equipment	-	562,321
	<u>-</u>	<u>12,696,621</u>
6 ADVANCE, DEPOSIT & PREPAYMENT		
Security deposit for office space	3,192,000	3,192,000
Advance Against Purchase/Assignment	15,000	-
Prepaid For Insurance Premium	65,145	-
Margin Of Bank Guarantee	880,000	-
Office Stores	38,123	-
Advance to employee for expense	-	50,750
	<u>4,190,268</u>	<u>3,242,750</u>
7 Advance Income Tax		
Opening balance	50,023	-
Add: Addition during the year (Note-7.1)	53,177,446	50,023
	<u>53,227,469</u>	<u>50,023</u>
Less: Adjustment during the year	<u>(50,023)</u>	-
Closing balance	<u>53,177,446</u>	<u>50,023</u>
7.1 Addition during the year		
Advance Income Tax	37,443,127	-
Income Tax Deducted at Source (ITDS)	15,452,698	-
AIT on Bank Interest	122,741	9,579
AIT on FDR Interest	158,880	40,444
	<u>53,177,446</u>	<u>50,023</u>
8 INVENTORIES		
Raw materials	34,192,782	-
Work-in-progress	98,057,726	-
	<u>132,250,508</u>	<u>-</u>
9 Accounts Receivable		
Dhaka PBS-1	19,874,642	-
Dhaka PBS-3	19,874,642	-
Dhaka PBS -4	19,874,641	-
Narayangonj PBS-1	40,923,971	-
Narayangonj PBS-2	40,923,971	-
Other Receivables (Note-9.1)	6,842,234	-
	<u>148,314,101</u>	<u>-</u>
9.1 Other Receivable		
Fixed deposit interest	373,974	-
VAT Receivable	6,468,260	-
	<u>6,842,234</u>	<u>-</u>
10 CASH & CASH EQUIVALENTS		
Cash in hand	50,000	-
Cash at bank (Note - 10.1)	487,312,538	872,079
	<u>487,362,538</u>	<u>872,079</u>



		2021 <u>Taka</u>	2020 <u>Taka</u>
10.1 Cash at Bank			
United Commercial Bank Limited			
SND:	831301000000222	486,420,069	872,079
CD	0831101000001142	40,886	-
Prime Bank Ltd.			
SND:	2140314020111	848,250	-
CD:	2140117020112	2,023	-
CD:	2140116020113	1,310	-
		487,312,538	872,079
11 Fixed Deposit Receipt			
Opening balance		20,364,000	20,364,000
Add: During the year		183,300,769	-
Less: Encashment during the year		<u>(28,641,969)</u>	-
		175,022,800	20,364,000
12 SHARE CAPITAL			
Authorized Share Capital			
20,000,000 Ordinary shares of TK 10 each		200,000,000	40,000,000
Paid-up capital			
7,598,208 Ordinary shares of Tk 10/- each fully paid up			
The composition of fully paid up share capital is as follows:			
Rural Power Company Limited	38,750,860	18,360,000	
Shenzhen Star Instrument Co. Ltd.	37,231,220	17,640,000	
Total	75,982,080	36,000,000	
13 ACCOUNTS PAYABLE			
Payable to overseas Supplier	634,881,032	-	
Security deposits -others	42,800	-	
Payable to RPCL	17,565,090	-	
	652,488,922		
14 LIABILITIES FOR EXPENSES			
RPCL(Salary & Registration fees)	-	506,976	
Audit fees	30,000	25,000	
Honorarium	102,000	-	
Provision for Allowance	2,020,340	-	
Office Rent	-	611,800	
	2,152,340	1,143,776	
15 PROVISION FOR INCOME TAX			
Opening balance	162,577	-	
Add: Addition during the year	58,269,194	162,577	
Less: Adjustment during the year	58,431,771	162,577	
Closing balance	<u>(162,578)</u>	-	
	58,269,193	162,577	
16 COST OF GOODS SOLD			
Raw Material Used (Note-16.1)	170,963,910	-	
Direct Expenses	56,610	-	
Depreciation on Plant Equipment	1,032,896	-	
Opening Finished Goods	172,053,416	-	
Add. Purchase of Finished Goods	650,636,390	-	
	822,689,806	-	

	2021	2020
	Taka	Taka
Less: Work-in-progress (Inventories)	(98,057,725)	-
Less: Ending Inventory of Finished Goods	-	-
	724,632,081	-

16.1 Raw Material Used:

Opening Raw Material	-	-
Add: Purchase	205,156,692	-
Less: Closing Raw Material	205,156,692	-
	(34,192,782)	-
	170,963,910	-

17 ADMINISTRATIVE EXPENSES

Salaries, Wages Allowances	9,535,709	-
Festival Bonus	430,680	-
House Rent Expenses	6,723,200	-
Utility Bill	313,509	-
Fuel Expenses	89,394	-
Repairs Maintenance	336,292	-
Security Services Expenses	13,819	-
Depreciation Expenses	3,078,358	-
Audit Fees	30,000	25,000
Uniform Liveries	58,536	-
Honorarium	3,437,760	347,252
General Expense	179,457	-
Entertainment Expenses	373,615	6,526
Legal Professional Fees	498,000	-
Printing Stationery	217,689	-
Postage Stamp	15,398	-
Consumable Office Expense	45,933	-
Advertisement Expense	367,434	-
Telecommunication Expenses	96,000	-
Local Conveyance	19,033	-
Rent-A-Car Expense	481,243	-
Crockeries Cutleries	7,812	-
Casual Labour	420	-
Licenses Renewals Fees	74,915	-
Insurance Expense	32,573	-
Registration fee	-	47,353
Board Meeting Expense	-	109,690
	26,456,779	535,821

18 SELLING AND DISTRIBUTION EXPENSES

Transportation	105,000	-
Customization Center Expense	139,675	-
	244,675	-

19 Other Income

Miscellaneous Income	217,813	-
Tender sale income	87,172	-
	304,985	-

20 Interest Income

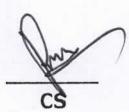
Fixed Deposit Interest	1,962,775	95,794
Bank Account Interest	1,227,410	404,444
	3,190,185	500,238



		2021 <u>Taka</u>	2020 <u>Taka</u>
21 Finance expenses			
Interest On Borrowing & Debts (RPCL Loan)		9,333,733	-
Bank Charge		112,016	14,072
Bank Commission		992,555	-
Commission on Corporate Guarantee		2,862,534	-
		<u>13,300,838</u>	<u>14,072</u>

22. EVENTS AFTER THE REPORTING PERIOD

- a The Board of Directors of the company in it's meeting held on 28 October 21 approved the financial statements of the company for the year ended 30 June 2021 and authorized the same for issue.
- b There is no other significant event that has occurred between the Reporting date and the date when the financial statements were authorized for issue by the Board of Directors.



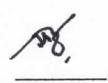
CS



CFO



CEO



Director



Director

Place: Dhaka

Dated: 28 October 2021

