

## **Independent Auditors' Report**

To the Shareholders of

### **Carew & Company (Bangladesh) Limited**

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

##### **Qualified Opinion**

We have audited the financial statements of **Carew & Company (Bangladesh) Limited** (the Company), which comprise the Statement of Financial Position as at June 30, 2023; 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 and other explanatory information disclosed in notes 1 to 36 and Annexure- A.

In our opinion, except for the effect of the matters described in the basis for Qualified Opinion section of our report, the accompanying financial statements presents fairly in all material respects the financial position of the company as at June 30, 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange rules 2020 and other applicable laws and regulations.

##### **Basis for Qualified Opinion**

1. We couldn't verify following amounts which were carried forward since long:

<b>Sl. No.</b>	<b>Notes</b>	<b>Particulars</b>	<b>Amount (Tk.)</b>
01	15.01	Cash at bank (state bank of India)	222,120
02	17.00	Government Equity	32,164,891
03	18.00	Capital & General Reserve	20,427,653
04	24.01	Liability For Expense (Provision for ADP, IDBI, Indian Credit Interest)	55,477,293
05	20.00	Long Term Loan (Belgium Credit, ADP loan, Indian state credit, U.K. project grant)	123,636,313
<b>Total</b>			<b>231,928,270</b>

2. The entity conducted physical verification of inventory annually but did not measure the quality of inventory whether the inventory becomes obsolete or unusable or slow moving. At the time of physical verification, we observed that there were some inventories which have been carried forward since long. Details are as follows:

<b>Particulars</b>	<b>Unusable &amp; Slow moving Amount (Tk.)</b>
Production Materials	242,102
Mechanical Spare	2,743,099
Miscellaneous	157,315
Pharmaceutical materials	1,964,903
Distillery materials	840,756
Transport Spears	2,132,000
<b>Total</b>	<b>8,080,175</b>

3. The company made an investment in FDR of Tk. 70 core for gratuity and leave pay instead of maintaining a separate bank account. Moreover, we were not provided with the policy and trust deed of gratuity fund.
4. No payment has been made to the welfare fund & Bangladesh workers' welfare foundation fund of WPPF at the ratio (10:10). Moreover, no interest has been charged as per section 240 of the labor Act -2006 (Amendment -2013). However, the entity transfers that amount to WPPF bank account no- 0200006376074.
5. The entity didn't calculate deferred tax liability which is non-compliance of IAS-12.
6. Accrual basis of accounting was not followed in terms of interest income from FDR investment but no discloser given in policy note in this regard.
7. The entity didn't segregate the current portion of long term loan which is non-compliance of IAS-1, para-69.

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) 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 qualified opinion.

**Emphasis of Matter:**

We draw attention on the matters disclosed as below:

1. Sugar unit of the entity incurred consecutive losses. Total cumulative loss is Tk. 8,086,536,209 (current year loss Tk. 610,595,695).
2. We sent some balance confirmations but did not receive any response. Details are as follows:

Sl. No.	Notes	Particulars	Amount (BDT)	Confirmation sent for amount (BDT)
01	14.02	Advances to Suppliers	6,785,702	6,785,702
02	24.02	Liability For Goods Suppliers	42,069,194	41,763,420
<b>Total</b>			<b>48,855,496</b>	<b>48,549,122</b>

3. Grower's old loan Tk. 14,496,134 carried forward since long (since 1974-2005) which seems to be irrecoverable. Provision has been maintained in note no-26.
4. While conducting our audit, we observed that Taka 10,137,282 cash embezzlement from office premises (FY: 2008-2009) have been recorded receivable from others. Legal action or claim has been made against that embezzlement which is pending on court, case no. - 01/2009. Management made provision against cash embezzlement in note: 26 (ii).

## **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 International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 2020 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.

## **Auditors' 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 auditors' 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, 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 auditors' 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 auditors' 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.

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 and the Securities and Exchange Rules 2020 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof; except the areas mentioned in basis for qualification.
- b) In our opinion, proper books of accounts, as records and other statutory books as required by law have been kept by the Company so far as it appeared from our examination of these books; except the areas mentioned in basis for qualification.
- c) The statements 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; except the areas mentioned in basis for qualification.

**Name of the Firm : Rahman Mostafa Alam & Co., Chartered Accountants**

**Signature :**

**Name of the Auditor : Md. Anwaruzzaman FCA, Enroll No.:1268**

**Date :**

**Place :** Dhaka

**DVC :**