

*Private & Confidential*

## **Auditor's Report & Financial Statements**

**Of**

### **CHITTAGONG PORT AUTHORITY**

Bandar Bhaban, Chattogram-4100

**For the year ended 30<sup>th</sup> June 2020**

**Submitted by**

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**AHMED ZAKER & CO.**  
Chartered Accountants

**Chattogram Office:**  
74, Sk Mujib Road (3<sup>rd</sup> Floor), Agrabad C/A,  
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**KHAN WAHAB SHAFIQUE RAHMAN & CO.**  
Chartered Accountants

**Chattogram Office:**  
Faruk Chamber (9<sup>th</sup> Floor), 1403 Sk Mujib Road,  
Agrabad C/A. Double Mooring Chattogram.  
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**Independent Auditor's Report  
To the Board of the  
Chittagong Port Authority**

**Our Opinion**

We have audited the **Financial Statements** of The Chittagong Port Authority ("the Organization"), which comprise the **Statement of Financial Position** as at 30<sup>th</sup> June, 2020 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 and to the best of our information and according to the explanations given to us the Financial Statements conform with the accounting and reporting standards as applicable in Bangladesh and give the information required by the Chittagong Port Authority Ordinance, 1976 and other applicable laws, in the manner so required and respectively give a true and fair view of the state of the Organization's affairs as at 30 June, 2020 and of the profit, comprehensive income, its cash flows and the changes in equity for the year then ended.

**Basis for Opinion**

We have 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Independence**

We are independent of the organization 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 and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws.

**Emphasis of matter**

Without qualifying our opinion, we draw attention on the matter disclosed:

- a. As disclosed under note no 2.04 the Organization is under process for presenting its FSs on accordance with IAS & IFRS which includes among others providing provision for **Deferred Tax** as required by **IAS 12: Accounting for Income Taxes** and **FRC Notification no. 146/FRC/SS/2019/181** dated **11-04-2019**.
- b. The Fixed Asset schedule under note includes both Tangible & Intangible assets (Software) without classifying and separately reporting in the FSs in accordance with **IAS 38: Intangible Assets, para 118 & IAS 1: Presentation of Financial Statements, para 54**.
- c. No evidence was made available for verification to ensure that an impairment test had been conducted by the Authority for the year according to **IAS 36: Impairment of Assets, para 9** and **FRC Notification no. 146/FRC/SS/2019/181** dated **11-04-2019**.
- d. Assets classified as held for sale has not presented separately on the face of the statement of financial position according to **IFRS-5: Non-current Assets Held for Sale and Discontinued Operation, para 38**. Auction sale



- e. Pension Fund's FDR interest has not been recognized on Accrual Basis complying with **IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors**, para 13.
- f. The FSs consists with Tk. **3,228,058,964** under **Debtor** [Note No. 16 Accounts Code 1220 & 1240] and Tk. **11,484,001,920** under "**Advances, Deposits and Prepayments**" [Note No. 17, Accounts Code 1250, 1260 & 1280] where Tk. **104,065,774** and **2,074,082,393** of those head respectively have been lying pending for settlement/adjustment since long.
- g. A total Debit balance of Tk. **927,765,071.11** and Credit Balance of Tk. **10,386,306,781.38** in the **Statement of Financial Position** and total Debit of Tk. **5,253,739,121.98** and Credit of Tk. **23,985,423,800.59** in the **Statement of Profit or Loss and Other Comprehensive Income** has been recognized under accounts Sub-code: **42000** without adequate evidence and the purpose of such recognition was found unclear during the verification.

#### **Other Matter**

The financial statements of The Chittagong Port Authority for the year ended 30th June, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 20<sup>th</sup> July, 2020.

#### **Impact of COVID-19 on Business**

On 11 March 2020, World Health Organization (WHO) declared a global pandemic due to corona Virus related respiratory disease commonly called as COVID-19. It has a big impact on imports, other procurement, production, export, import and other activities of the Global business. The government of Bangladesh has declared general holidays from 26.03.2020 to 30.05.2020 and majority of Business Entities of our country was compelled to reduce their business at that period. To contain the spread of this disease, along with many other countries of the world, Government of Bangladesh has also taken a number of measures such as declaration of general holiday, enforcement of lock down, social distancing etc. In the financial statements, Chittagong Port Authority is likely to be impacted by the COVID-19 coronavirus pandemic, and the increased economic uncertainty and risk may have significant financial reporting implications because of being a service oriented organization and the whole world have faced economic slowdown and uncontrollable abnormal cost during the period of March 2020 to June 2020. However, the potential impact of COVID-19 related matters on the Organization's operation and financial results cannot be reasonably assessed due to interruption of operation, As we were provided information by the management that, there was no stoppage of Port Operations during the lockdown and they have disclosed the comparative information between March 2019 to June 2019 with March 2020 to June 2020, which indicates a decrease in income by 9.65% and we were also provided a list of expenditure for Covid-19 purpose, which includes amount of 205.06 (Lakh Taka). Even though we have seen, a significant spike in operating expense (6.43%) paralleled to Operating income (1.19%) from last year.

#### **Other Information**

Management is responsible for the other information. The other information comprises of such other financial or non-financial information included in an entity's annual report (other than a financial statement on the auditor's reports 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 statement 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. We have nothing to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with accounting and reporting standards as applicable in Bangladesh, The Chittagong Port Authority Ordinance, 1976 and for such internal control as management determines is necessary to



enable the preparation of financial statements that are free from material statement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 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 Organization'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 Organization'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 Organization 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the organization's 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.

**Report on other Legal and Regulatory Requirements**

In accordance with the Generally Accepted Accounting Principle, **The Chittagong Port Authority Ordinance, 1976** 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 the organization so far as it appeared from our examination of those books;
- c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.
- d) the expenditure incurred and payments made were for the purposes of the organization's business.

Chattogram  
Dated: August 18, 2021

*DD*  
AHMED ZAKER & CO.  
Chartered Accountants  
Signed By

Arup Chowdhury FCA (F-893)  
Partner  
DVC: 2108180893AS765269

*Z. Khan*  
KHAN WAHAB SHAFIQUE RAHMAN & CO.  
Chartered Accountants  
Signed By

Mohammad Shaheed FCA (F-1016)  
Senior Partner  
DVC: 2108171016AS290932



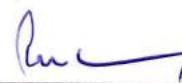
**THE CHITTAGONG PORT AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
AS AT 30TH JUNE, 2020

Particulars	Notes	Amount in BDT	
		30th June 2020	30th June 2019
<b>SOURCES OF FUNDS:</b>			
Capital	4.00	63,939,635,028	57,534,359,838
Reserve and Fund	5.00	80,923,262,514	72,850,112,803
Unappropriated Surplus Transferred from SOCI		9,610,255,818	10,398,593,234
Fair Value Reserve on Investment in Shares		(37,778,998)	(33,575,318)
<b>Equity and Funds</b>			
Provision Account	6.00	55,023,479,299	51,725,084,537
Long Term Loan (ADB/BAN 2147)	7.00	483,708,112	532,415,932
		<b>209,942,561,773</b>	<b>193,006,991,026</b>
<b>APPLICATION OF FUNDS:</b>			
<b>NON CURRENT ASSETS:</b>			
Operating Fixed Assets	8.00	56,857,340,780	52,783,608,830
Capital Work-in-progress	9.00	53,885,213,385	45,417,735,352
Deferred Expenditure	10.00	715,642,437	323,644,075
Investment in Shares	11.00	14,712,880	18,916,560
Fixed Deposit Receipts	12.00	114,826,048,844	112,477,910,722
Loan to Payra Port		496,200,000	496,200,000
		<b>226,795,158,326</b>	<b>211,518,015,539</b>
<b>CURRENT ASSETS</b>			
Interest Receivable on Fixed Deposits Receipts	13.00	2,422,479,114	2,647,222,368
Stores	14.00	60,382,616	60,382,616
Debtors	15.00	3,228,058,964	2,901,964,411
Advances, Deposits and Prepayments	16.00	11,484,001,920	11,950,613,994
Cash and Bank Balances	17.00	1,441,074,233	1,035,940,559
		<b>18,635,996,847</b>	<b>18,596,123,948</b>
<b>CURRENT LIABILITIES</b>			
Creditors and Accruals	18.00	35,488,593,400	37,107,148,461
		<b>35,488,593,400</b>	<b>37,107,148,461</b>
<b>NET CURRENT ASSETS</b>			
		<b>(16,852,596,553)</b>	<b>(18,511,024,513)</b>
<b>CAPITAL EMPLOYED</b>			
		<b>209,942,561,773</b>	<b>193,006,991,026</b>

*The annexed notes 1 to 26 form an integral part of these financial statements.*

  
C. F. & A. O.

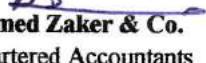
MEMBER (FINANCE)

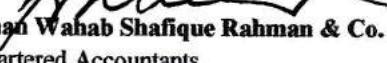


  
CHAIRMAN

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

Chattogram  
Dated: 18 August 2021

  
Ahmed Zaker & Co.  
Chartered Accountants  
Signed by:  
Arup Chowdhury FCA (F-893)  
DVC: 2108180893AS765269

  
Khan Wahab Shafique Rahman & Co.  
Chartered Accountants  
Signed by:  
Mohammed Shaheed FCA (F-1016)  
DVC: 2108171016AS290932



Financial Statements - 2020 / 5



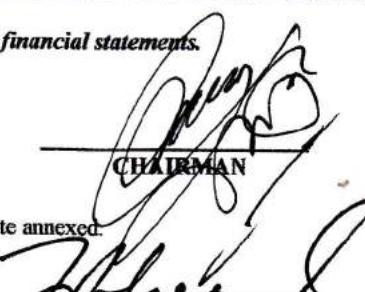
**THE CHITTAGONG PORT AUTHORITY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 30TH JUNE, 2020

Particulars	Notes	Amount in BDT	
		30th June 2020	30th June 2019
<b>INCOME:</b>			
<b>Dues and Charges</b>			
On Vessels	19.00	4,650,575,371	4,361,350,849
On Cargo		23,762,893,440	23,795,505,851
		<b>28,413,468,811</b>	<b>28,156,856,700</b>
<b>Miscellaneous Income</b>	20.00	290,533,380	299,369,116
Rent on Land		342,750,704	248,776,393
		<b>633,284,084</b>	<b>548,145,509</b>
		<b>29,046,752,895</b>	<b>28,705,002,209</b>
<b>EXPENDITURE:</b>			
<b>Operating Expenses</b>	21.00	12,775,635,202	12,208,698,029
Administrative and General Expenses	22.00	4,312,489,850	3,846,358,049
		<b>17,088,125,052</b>	<b>16,055,056,078</b>
<b>Net Surplus from Operation</b>		<b>11,958,627,843</b>	<b>12,649,946,131</b>
<b>Interest Income</b>	23.00	204,057,401	183,298,204
Profit/(Loss) on Sale of Operating Assets	24.00	(81,575,739)	41,594,206
		<b>122,481,662</b>	<b>224,892,410</b>
<b>Net Surplus Before Tax</b>		<b>12,081,109,505</b>	<b>12,874,838,541</b>
<b>Corporate Tax Expenses</b>		4,800,000,000	4,800,000,000
<b>Net Surplus After Tax</b>		<b>7,281,109,505</b>	<b>8,074,838,541</b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
Unrealized Gain/(Loss) on Investment in Shares		(4,203,680)	(6,830,980)
<b>Total Comprehensive Income for the Year</b>		<b>7,276,905,825</b>	<b>8,068,007,561</b>
Unappropriated Surplus Brought Forward	-	10,365,017,916	10,615,392,819
Prior Year Adjustment	25.00	(69,446,921)	(318,382,464)
		<b>10,295,570,995</b>	<b>10,297,010,355</b>
<b>NET SURPLUS AVAILABLE FOR APPROPRIATION</b>		<b>17,572,476,820</b>	<b>18,365,017,916</b>
<b>APPROPRIATIONS:</b>			
Transfer to Capital Fund		4,000,000,000	4,000,000,000
Transfer to Revenue Reserve Fund		4,000,000,000	4,000,000,000
Unappropriated surplus		9,572,476,820	10,365,017,916
		<b>17,572,476,820</b>	<b>18,365,017,916</b>

*The annexed notes 1 to 26 form an integral part of these financial statements.*

  
C. F. & A. O.

MEMBER (FINANCE)

  
CHAIRMAN

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

Chattogram  
Dated: 18 August 2021

  
Ahmed Zaker & Co.  
Chartered Accountants  
Signed by:  
Arup Chowdhury FCA (F-893)  
DVC: 2108180893AS765269

  
Khan Wahab Shafique Rahman & Co.  
Chartered Accountants  
Signed by:  
Mohammed Shaheed FCA (F-1016)  
DVC: 2108171016AS290932



Financial Statements- 2020/ 6



**THE CHITTAGONG PORT AUTHORITY  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE, 2020**

Particulars	Capital Fund	Sinking Fund	Revenue Reserve Fund	Pension Fund	Unappropriated Surplus	Total
	Taka	Taka	Taka	Taka	Taka	Taka
<b>Balance as on 01st July, 2019</b>	<b>57,534,359,838</b>	<b>95,018,079</b>	<b>48,091,022,837</b>	<b>24,664,071,887</b>	<b>10,398,593,234</b>	<b>140,783,065,875</b>
Interest earned during the year 2019-20	192,667,425	5,220,740	2,642,346,669	1,474,290,122	-	4,314,524,956
Prior years' adjustments made during the year 2019-20	-	-	-	-	(69,446,921)	(69,446,921)
Net surplus during the year after tax and before appropriation	-	-	-	-	7,281,109,505	7,281,109,505
Appropriation of net surplus during the year	4,000,000,000	-	4,000,000,000	-	(8,000,000,000)	-
Transferred from Depreciation provision account	2,163,899,945	-	-	-	-	2,163,899,945
Payment made to unfit Labour of DWMB	-	-	-	-	-	-
Payment of principal of Govt. Loan (ADB/CPTTFP)	-	(48,707,820)	-	-	-	(48,707,820)
Capitalization of Loan	48,707,820	-	-	-	-	48,707,820
<b>Equity and fund as on 30.06.20</b>	<b>63,939,635,028</b>	<b>51,530,999</b>	<b>54,733,369,506</b>	<b>26,138,362,009</b>	<b>9,610,255,818</b>	<b>154,473,153,360</b>



**THE CHITTAGONG PORT AUTHORITY**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>30-06-2020</b> Taka	<b>30-06-2019</b> Taka
<b>A. Cash flow from Operating Activities</b>		
Cash received against dues & charges	28,087,374,258	27,880,777,320
Miscellaneous Income	290,533,380	299,369,116
Rent on Land	342,750,704	248,776,393
Interest Income	5,332,396,857	4,821,894,316
Corporate Tax paid	(4,108,228,053)	(4,638,561,877)
Payment against Expenses	(19,035,006,015)	(19,171,352,877)
<b>Net Cash Flow from Operating Activities</b>	<b>10,909,821,131</b>	<b>9,440,902,391</b>
<b>B. Cash flow from Investing Activities</b>		
Acquisition of Fixed Assets	(8,587,878,930)	(4,758,247,945)
Capital Work-in-Progress	(2,627,773,426)	(5,485,393,406)
Sale of Fixed Assets	32,860,034	41,763,206
Investment (net)	770,000,000	725,765,489
Deferred Expenditure	(43,187,315)	(15,559,613)
<b>Net Cash used in Investing Activities</b>	<b>(10,455,979,637)</b>	<b>(9,491,672,269)</b>
<b>C. Cash Flow from Financing Activities</b>		
Payment of Principal of foreign Loan	(48,707,820)	(48,707,820)
Net Cash used from Financing Activities	<b>(48,707,820)</b>	<b>(48,707,820)</b>
<b>D. Net Cash Inflow/(Outflow) for the year (A+B+C)</b>	<b>405,133,674</b>	<b>(99,477,698)</b>
<b>E. Opening Cash &amp; Bank Balance</b>	<b>1,035,940,559</b>	<b>1,135,418,257</b>
<b>F. Closing Cash &amp; Bank Balances (D+E)</b>	<b>1,441,074,233</b>	<b>1,035,940,559</b>

