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PRIVATE & CONFIDENTIAL

AUDIT REPORT AND ACCOUNTS

OF

DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)

For The Year Ended on 30 June 2019



মীজান ইসলাম এন্ড কোং
MIZAN ISLAM & CO.
CHARTERED ACCOUNTANTS

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Independent auditor's report

To the Shareholders of DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL) ("the Company"), which comprise the statement of financial position as at 30 June 2019, 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, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the year 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 ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 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, 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, we also report the following:

- 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 account.

Dated, Dhaka
15 December, 2019



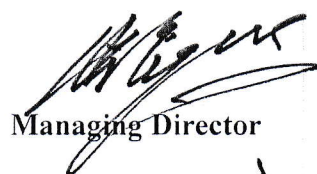
Mizan Islam & Co.
Chartered Accountants


DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)
STATEMENT OF FINANCIAL POSITION
AS ON 30 JUNE 2019

	<u>Notes</u>	<u>30.06.2019</u> <u>Taka</u>	<u>30.06.2018</u> <u>Taka</u>
ASSETS			
Non-Current Assets		28,213,543	1,997,812
Property, Plant and Equipment	5	18,553,244	-
Net Expenditure during Pre-operating Period	6	9,660,299	1,997,812
Current Assets		26,069,599	51,918,157
Advances, Deposits and Prepayments	7	37,542	-
Cash and Cash Equivalents	8	26,032,057	51,918,157
TOTAL ASSETS		<u>54,283,142</u>	<u>53,915,969</u>
EQUITY & LIABILITIES			
Equity		53,846,969	53,846,969
Share Capital	1.4	-	-
Share Money Deposit	1.5	50,000,000	50,000,000
Reserve & Surplus	9	3,846,969	3,846,969
Non-Current Liabilities		-	-
Current Liabilities		436,173	69,000
Bills & Other Payables	10	436,173	69,000
TOTAL EQUITY & LIABILITIES		<u>54,283,142</u>	<u>53,915,969</u>

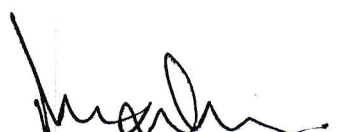
The Annexed Notes form an integral part of this statement.


Company Secretary


Managing Director


Chairman

Dhaka, Bangladesh
 15 December 2019


MIZAN ISLAM & CO.
 Chartered Accountants



DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	<u>Notes</u>	<u>2018-2019</u> <u>Taka</u>	<u>2017-2018</u> <u>Taka</u>
Turnover		-	-
Operational Expenses		-	-
Operating Profit (Loss)		-	-
Net non-operating Income (Loss)		-	-
Net Profit (Loss) before Income Tax		-	-
Taxation		-	-
Net Profit (Loss) after Tax		-	-
Earnings Per Share (EPS)		-	-

Note : All Incomes and Expenditures during this period have been treated as Incomes and Expenditures during Pre-operating Period and accounted for under **Net Income or Net Expenditure during Pre-operating Period** as stated under Notes 3.4 and 6.0

The Annexed Notes form an integral part of this statement.



Company Secretary

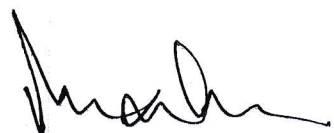


Managing Director



Chairman

Dhaka, Bangladesh
 15 December 2019




MIZAN ISLAM & CO.
 Chartered Accountants




DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	2018-19 <u>Taka</u>	2017-18 <u>Taka</u>
A. Cash Flow from Operating Activities		
Cash Collection	-	-
Cash Disbursement	-	-
Net Cash from (used in) Operating Activities	-	-
B. Cash Flow from Investing Activities		
(Acquisition) of Property, Plant and Equipment	(18,553,244)	-
Disposal of Property, Plant and Equipment	-	-
Decrease (Increase) in Net Expenditure during Pre-operating Period	(7,662,487)	(1,997,812)
Decrease (Increase) in Advances, Deposits and Prepayments	(37,542)	-
Net Cash from (used in) Investing Activities	(26,253,273)	(1,997,812)
C. Cash Flow from Financing Activities		
Increase (Decrease) in Share Capital	-	-
Increase (Decrease) in Share Money Deposit	-	50,000,000
Increase (Decrease) in Reserve & Surplus	-	-
Increase (Decrease) Bills & Other Payables	367,173	69,000
Net Cash from (used in) Financing Activities	367,173	50,069,000
D. Net Increase (Decrease) in Cash & Cash Equivalents [A+B+C]	(25,886,100)	48,071,188
E. Opening Cash & Cash Equivalents	51,918,157	3,846,969
F. Closing Cash & Cash Equivalents [D+E]	26,032,057	51,918,157

The Annexed Notes form an integral part of this statement.



 Company Secretary


 Managing Director


 Chairman

Dhaka, Bangladesh
 15 December 2019





MIZAN ISLAM & CO.
 Chartered Accountants

DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

Particulars	Amount in Taka			
	Share Capital	Share Money Deposit	Reserve & Surplus	Total
Balance as on 30 June 2017	-	-	-	-
Addition (Deduction) during the year ended 30 June 2018	-	50,000,000	3,846,969	53,846,969
Balance as on 30 June 2018	-	50,000,000	3,846,969	53,846,969
Addition (Deduction) during the year ended 30 June 2019	-	-	-	-
Balance as on 30 June 2019	-	50,000,000	3,846,969	53,846,969

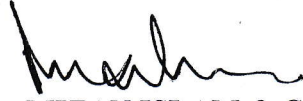
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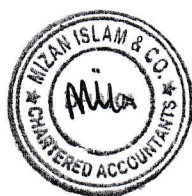

 Company Secretary


 Managing Director


 Chairman

Dhaka, Bangladesh
 15 December 2019


 MIZAN ISLAM & CO.
 Chartered Accountants



DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. Corporate Information

1.1. Legal Status

Dhaka Mass Transit Company Limited (DMTCL) [“the Company”] was incorporated as a Public Limited Company under the Companies Act 1994. The Office of the Registrar of Joint Stock Companies and Firms (RJSC) issued Certificate of Incorporation vide Reg. No. C-109490 dated 03 June 2013. RSJC also issued a Certificate of Commencement of Business on the same date.

1.2. Present Address

The present address of the company is Dhaka Mass Transit Company Limited, Probashi Kallyan Bhaban, Level-14, 71-72 Old Elephant Road, Eskaton Garden, Dhaka-1000.

1.3. Liability of Members

The liability of the members of the Company is limited by shares.

1.4. Share Capital

The Authorized Share Capital of the Company is Taka 10,000,00,00,000/- (Taka Ten Thousand crore) only divided into 100,00,00,000/- (One Hundred crore) ordinary shares of Taka 100/- (Taka One Hundred) each.

The Company has not yet received any subscription for allotment of shares. As such the issued, subscribed, called up or paid up share capital has been zero since the incorporation of the Company supported by Form XIV. However, as per the MOA & AOA registered with the RJSC, Subscribed Capital of the Company is Tk. 10,000,00,00,000/- (Taka Ten Thousand Crore).

1.5. Share Money Deposit

The GoB has contributed Tk. 5,00,00,000/- (Five Crore) as Equity. This Equity/Share Money was deposited in the prescribed account on 14 March 2018.

1.6. Board of Directors

The number of Directors shall not be less than 9 (Nine) and not more than 13 (Thirteen).

The government shall nominate directors amongst the shareholders of the company. There shall also be directors from each group representing person(s) specialized in urban transport, legal affairs and person(s) specialized in accounting.

The Managing Director shall be an ex-officio member of the Board of Directors.

Any vacancy in the office of Director shall be filled in from the nominees of the Government.



1.7. Members

Being the subscribers to the Memorandum & Articles of Association, the Members of the Company are-

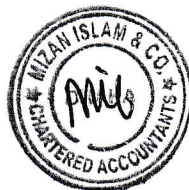
- (1) Secretary, Road Transport and Highways Division
- (2) Executive Director, Dhaka Transport Co-ordination Authority
- (3) Representative from Prime Minister's Office, GOB
- (4) Additional Secretary, Local Government Division, GOB
- (5) Additional Secretary, Finance Division, GOB
- (6) Representative from Ministry of Railway, GOB
- (7) Representative from Power Division, GOB
- (8) Managing Director, Dhaka Mass Transit Company Limited

2. Main Objective of the Company

The main objective of the Company is to establish, operate and maintain including planning, designing, development, construction and financing of MRT system in and around Dhaka city so as to meet the Urban Transport needs of Dhaka and its neighboring areas. MRT system covers Metro Railway, light railway, mono rail, sky bus or any similar People Mover System operating on a dedicated guide way at surface, above or below the ground level.

3. About Financial Statements

- 3.1. The receipts and payments for the implementation of ongoing projects being dealt by the Board of Directors of the Company have not been under the purview of this audit;
- 3.2. The company has been maintaining books of account as required by law.
- 3.3. Incomes received and Expenditures incurred for the purpose of or relating to the company or its ongoing projects would be treated as income and expenditure during construction of projects and hence would be charged against or accounted for the respective projects; and
- 3.4. Expenditure during Pre-Operating Period :
Since the company has not yet begun any commercial operation, the incomes and expenditures during this period have been treated as Income and Expenditure during Pre-Operating Period and accounted for under **Net Expenditure during Pre-Operating Period.**
- 3.5. Reporting Period :
The Financial Statements of the Company covered the financial year beginning on 01 July 2018 and ending on 30 June 2019.
- 3.6. Preliminary Expenses :
The expenditure for registration of the company for an amount of Tk. 4,50,35,825 (Taka Four Crore Fifty Lac Thirty Five Thousand Eight Hundred Twenty Five only) was made by Dhaka Transport Coordination Authority (DTCA) from a national budget allocation for the fiscal year 2012-13. The expenditure was accounted for by the government under the head of "Registration" not as equity contribution or share money. Accordingly, no liability has been created against the company and as such no asset under the head "Preliminary Expenses" has been shown against the said expenditure.



4. Basis of Preparation of Financial Statements

4.1. Statement of Compliance of Standards :

The financial statements have been prepared in accordance with the provisions of International Financial Reporting Standards (IFRS) and International Accounting Standard (IAS), the Companies Act 1994 and other applicable laws and regulations in Bangladesh.

As per paragraph 69 of "IAS 38 : Intangible Assets" expenditure to open new facility or business (ie. pre-opening cost) or expenditure for starting new operations or launching new products or process (ie. pre-operating costs) shall be recognized as expense. However, since the company has not yet begun any commercial operation, the expenditures during this period can neither be treated as pre-opening costs or pre-operating costs for this company and it has been deemed expedient to be treated as "Expenditures during Pre-Operating Period".

4.2. Basis of Measurement :

These financial statements have been prepared following going concern basis under historical cost convention in accordance with the International Financial Reporting Standards (IFRS).

4.3. Functional and Presentation Currency :

These financial statements are presented in Bangladeshi Taka which is also the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest Taka.

4.4. Use of Estimate and Judgments :

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies.

4.5. Comparative Financial Information :

The financial statements have been prepared comparing respective figures of previous years. However, some figures and account titles have been rearranged/re-classified where necessary to conform to the fairness in presentation and.

4.6. Components of Financial Statements :

The set financial statements includes the following components :

- (1) Statement of Financial Position as on 30 June 2019
- (2) Statement of Profit or Loss and other Comprehensive income for the year ended 30 June 2019
- (3) Statement of Cash Flows for the year ended 30 June 2019
- (4) Statement of Changes in Equity for the year ended 30 June 2019
- (5) Notes to the Financial Statements



	2018-19 <u>Taka</u>	2017-18 <u>Taka</u>
5. Property, Plant and Equipment		
Car Purchases and Registration	18,553,244	-
	18,553,244	
6. Net Expenditure during Pre-operating Period		
A. Expenditure during Pre-operating Period :	9,293,812	2,297,812
Managing Directors' Remuneration	4,479,209	2,228,782
Meeting & Others Expenses	1,238,247	-
Advertisement Expenses	490,118	-
News Paper bill	28,110	-
Printing & Stationery	13,340	-
Consultancy Fee	2,882,118	-
Telephone Bills	17,951	-
Fuels and Car Maintain Cost	87,309	-
Trade License's cost	6,500	-
Auditor's Fee	34,500	69,000
Bank Charges	16,910	30
B. Income during Pre-operating Period :	1,631,325	300,000
Interest Income	375,425	-
Tender Documents Sales	1,255,900	300,000
C. Net Expenditure during Pre-operating Period [B – A]	7,662,487	1,997,812
D. Transferred from previous year	1,997,812	-
E. Net Expenditure during Pre-operating Period as Transferred in Statement of Financial Position [C + D]	9,660,299	1,997,812
7. Advances, Deposits and Prepayments		
Advance Income Tax	37,542	-
	37,542	
8. Cash & Cash Equivalent		
	26,032,057	51,918,157
6.1 Cash in Hand :		
Opening Balance	-	-
Addition (Deduction) during the year	-	-
Closing Balance	-	-



	2018-19 <u>Taka</u>	2017-18 <u>Taka</u>
6.2 Cash at Bank :		
[Sonali Bank : A/c No. 0119802000995 & Sonali Bank : A/c No. 0119803000038]		
Opening Balance	51,918,157	3,846,969
Share Money	-	50,000,000
Interest Income	375,425	-
Tender Documents Sales	1,255,900	300,000
Expenditure during Pre-operating Period	(8,895,181)	(2228,812)
Car Purchases	(18,553,244)	-
Payment of Auditor's Fee	(69,000)	-
Closing Balance	<u>26,032,057</u>	<u>51,918,157</u>

9. Reserve & Surplus

3,846,969

3,846,969

This figure has been drawn from the Balance of Bank Account operated under the Name of the Company since March 2015 and represents the accumulated proceeds of Selling Tender Documents less relevant expenses during the years 2014-15, 2015-16 & 2016-17.

10. Bills & Other Payable

	436,173	69,000
Auditor's Fee Payable (including VAT)	34,500	69,000
Fuels and Maintains Cost Payable	87,309	
MD's Remuneration Payable	314,364	

