

# AUDITORS' REPORT

Of

**DHAKA MASS TRANSIT COMPANY LIMITED  
(DMTCL)**

Probashi Kallyan Bhaban, Level-14, 71-72 Old Elephant Road,  
Eskaton Garden, Dhaka-1000.

For the year ended 30 June 2020

**DVC : 2012241544AS367910**

**Auditor:**

**H M ENAM & CO.**

Chartered Accountants

House # 151/5 (GF), Block # 13, Ward # 27,  
Monipuripara, Farmgate, Tejgaon, Dhaka-1215

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**'INDEPENDENT AUDITORS' 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)** which comprise the statement of financial position as at **June 30, 2020**, and the statement of profit or loss and other comprehensive income, statement of changes in equity, 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 **June 30, 2020**, and 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. 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, the Companies Act, 1994 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.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objective 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:

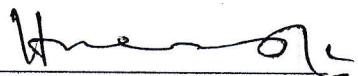
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentations, or the override of 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 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:

- 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.
- d) the expenditure incurred was for the purpose of the Company's business.

Place : Dhaka, Bangladesh  
Dated: December 24, 2020



**Md. Enamul Hasan FCA**  
Enrollment Number 1544

**Partner**

**H M ENAM & CO.**

Chartered Accountants

Registration Number-703

**DVC: 2012241544AS367910**

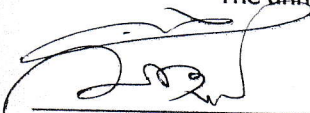
**DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)**

Statement of Financial Position


AS AT 30 JUNE 2020

Particulars	Notes	Amount in BDT	
		30.06.2020	30.06.2019
<b>Assets</b>			
<b>Non-Current Assets</b>			
		<b>107,134,394</b>	<b>28,213,543</b>
Property, Plant and Equipment	5	16,697,920	18,553,244
Net Expenditure during Pre-operating Period	6	90,436,474	9,660,299
<b>Current Assets</b>			
		<b>51,288,034</b>	<b>26,069,599</b>
Advances, Deposits and Prepayments	7	51,222	37,542
Cash and Cash Equivalents	8	51,236,812	26,032,057
<b>TOTAL ASSETS</b>		<b>158,422,428</b>	<b>54,283,142</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
		<b>153,846,969</b>	<b>53,846,969</b>
Share Capital	1.4	-	-
Fund from GOB	1.5	150,000,000	50,000,000
Reserve & Surplus	9	3,846,969	3,846,969
Retained Earnings		-	-
<b>Non-Current Liabilities</b>			
Long Term Liability		-	-
<b>Current Liabilities</b>			
		<b>4,575,459</b>	<b>436,173</b>
Bills & Other Payables		4,575,459	436,173
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>158,422,428</b>	<b>54,283,142</b>

The annexed notes form an integral part of this statement.

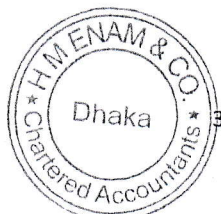
  
Company Secretary

  
Managing Director

  
Chairman

Dhaka, Bangladesh  
Dated: 24 December, 2020

  
**H M ENAM & CO.**  
Chartered Accountants



**DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)**


Statements of profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Notes	Amount in BDT	
		30.06.2020	30.06.2019
Turnover		-	-
Operational Expenses:		-	-
Operating Profit (Loss)		-	-
Net Profit (Loss) before Income Tax		-	-
Taxation		-	-
Net Profit (Loss) after Tax		-	-
Earning 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

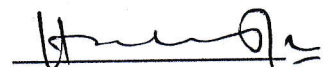
The annexed notes form an integral part of this statement.

  
\_\_\_\_\_  
Company Secretary

  
\_\_\_\_\_  
Managing Director

  
\_\_\_\_\_  
Chairman

Dhaka, Bangladesh  
Dated: 24 December, 2020

  
\_\_\_\_\_  
H M ENAM & CO.  
Chartered Accountants



**DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)**

**Statement of Changes in Equity  
FOR THE YEAR ENDED 30 JUNE 2020**

Amount in BDT

Particulars	Share Capital	Share Money Deposit	Reserve & Surplus	Total
<b>Balance as at 01.07.2018</b>	-	50,000,000	3,846,969	53,846,969
Addition (Deduction) during the year ended 30 June 2019	-	-	-	-
<b>Balance as at 30 June 2019</b>	-	50,000,000	3,846,969	53,846,969
Addition (Deduction) during the year ended 30 June 2020	-	100,000,000	-	100,000,000
<b>Balance as at 30 June 2020</b>	-	150,000,000	3,846,969	153,846,969

  
\_\_\_\_\_  
Company Secretary

  
\_\_\_\_\_  
Managing Director

  
\_\_\_\_\_  
Chairman

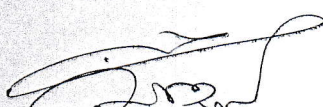
Dhaka, Bangladesh  
Dated: 24 December, 2020


  
\_\_\_\_\_  
**H M ENAM & CO.**  
Chartered Accountants




**DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Particulars	Amount in BDT	
	30.06.2020	30.06.2019
<b>A. Cash Flow from Operating Activities</b>		
Cash Collection	-	-
Cash Disbursement	-	-
<b>Net Cash from (used in) Operating Activities</b>	-	-
<b>B. Cash Flow from Investing Activities</b>		
(Acquisition) of Property, Plant and Equipment	-	(18,553,244)
Disposal of Property, Plant and Equipment	-	-
Decrease (Increase) in Net Expenditure during Pre-operating Period	(75,059,036)	(7,662,487)
Decrease (Increase) in Advances, Deposits and Prepayments	-	(37,542)
<b>Net Cash from (used in) Investing Activities</b>	<b>(75,059,036)</b>	<b>(26,253,273)</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase (Decrease) in Share Capital	100,000,000	-
Increase (Decrease) in Share Money Deposit	-	-
Increase (Decrease) Loan	-	-
Increase (Decrease) Receives (Exam. Fee)	263,791	367,173
<b>Net Cash from (used in) Financing Activities</b>	<b>100,263,791</b>	<b>367,173</b>
<b>D. Net Increase (Decrease) in Cash &amp; Cash Equivalents [ A+B+C</b>	<b>25,204,755</b>	<b>(25,886,100)</b>
<b>E. Opening Cash &amp; Cash Equivalents</b>	<b>26,032,057</b>	<b>51,918,157</b>
<b>F. Closing Cash &amp; Cash Equivalents [ D+E ]</b>	<b>51,236,812</b>	<b>26,032,057</b>

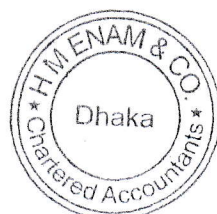
  
Company Secretary

  
Managing Director

  
Chairman

Dhaka, Bangladesh  
Dated: 24 December, 2020

  
**H M ENAM & CO.**  
Chartered Accountants



**DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)**  
**Summary of significant accounting policies**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**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. RJSC 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).

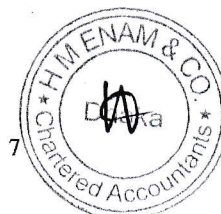
**1.5. Fund from GOB**

GOB has injected a fund of Tk. 5,00,00,000/- (Five Crore) as Equity for the first time and this amount was deposited in the bank account on 14 March 2018. GOB has further injected a fund of Tk. 100,000,000/- (Ten Crore) as Equity and this amount was deposited in the bank account on 03 December 2019. In due course, this fund would be adjusted against paid up share capital.

**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.



**DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)**  
**Summary of significant accounting policies**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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-

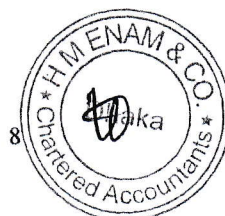
- (1) Secretary, Road Transport and Highways Division
- (2) Executive Director, Dhaka Transport Co-ordination Authority
- (3) Representative from Prime Minister's Office, GOB
- (4) Additional Secretary, Local Government Division, GOB
- (5) Additional Secretary, Finance Division, GOB
- (6) Representative 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. Income and 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.



**DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)**  
**Summary of significant accounting policies**  
**FOR THE YEAR ENDED 30 JUNE 2020**

3.5. Reporting Period :

The Financial Statements of the Company covered the financial year beginning on 01 July 2019 and ending on 30 June 2020.

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.

3.7 Depreciation:

Depreciation @ 10% has been charged this year on car purchased in 2018-19 in while no depreciation was charged in the year of purchase.

**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" and also to be shown in the Statement of Financial Position.

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.

**DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)**  
**Summary of significant accounting policies**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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.

4.6. Components of Financial Statements:

The set financial statements include the following components:

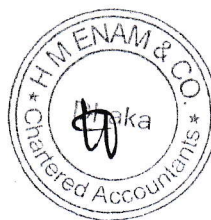
- (1) Statement of Financial Position as on 30 June 2020
- (2) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020
- (3) Statement of Cash Flows for the year ended 30 June 2020
- (4) Statement of Changes in Equity for the year ended 30 June 2020
- (5) Notes to the Financial Statements for the year ended 30 June 2020



**DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)**

**Notes to the Financial Statements  
FOR THE YEAR ENDED 30 JUNE 2020**

Particulars	Amount in BDT	
	30.06.2020	30.06.2019
<b>5.00 Property, Plant and Equipment</b>	<b>16,697,920</b>	<b>18,553,244</b>
Vehicles	18,553,244	18,553,244
Depreciation for the year	1,855,324	-
<b>6.00 Net Expenditure During Pre-operating Period</b>		
<b>A. Expenditure during Pre-operating Period</b>	<b>81,039,966</b>	<b>9,293,812</b>
Salary & Allowances	49,661,251	4,478,709
Directors' Remuneration	459,566	-
Meeting Expenses	132,732	1,238,247
Advertisement Expenses	349,216	490,118
Newspaper Bill	44,311	28,110
Printing & Stationery	21,350	13,340
Consultancy Fee	248,400	2,882,118
Telephone Bill	29,682	17,951
Fuel Cost	178,694	87,309
Car Maintenance Cost	18,545	-
Trade License	23,200	6,500
Auditors' Fee	34,500	34,500
Bank Charges	22,592	16,910
Training Expenses	23,944,503	-
Expenses of Employee Selection Process	4,016,100	-
Depreciation	1,855,324	-
<b>B. Income during Pre-operating Period</b>	<b>263,791</b>	<b>1,631,325</b>
Interest Income	234,691	375,425
Income from Sale of Tender Documents	-	1,255,900
Income from Recruitment Process	29,100	-
<b>C. Net Expenditure during Pre-operating Period (A-B)</b>	<b>80,776,175</b>	<b>7,662,487</b>
<b>D. Transferred from Previous Year</b>	<b>9,660,299</b>	<b>1,997,812</b>
<b>E. Net Expenditure during Pre-Operating Period as Transferred in Statement of Financial Position (C+D)</b>	<b>90,436,474</b>	<b>9,660,299</b>
<b>7.00 Advances, Deposits and Prepayments</b>	<b>51,222</b>	<b>37,542</b>
<b>7.1 Advances:</b>		
Advance Income Tax	51,222	37,542
Opening Balance	37,542	-
Additional during the year	23,468	-
Adjustment with Tax Return	(9,788)	-
<b>7.2 Deposits and Prepayments</b>		



**DHAKA MASS TRANSIT COMPANY LIMITED (DMTCL)**

**Notes to the Financial Statements  
FOR THE YEAR ENDED 30 JUNE 2020**

Particulars	Amount in BDT	
	30.06.2020	30.06.2019
<b>8.00 Cash &amp; Cash Equivalent</b>	<b>51,236,812</b>	<b>26,032,057</b>
8.1 Cash in Hand	-	-
8.2 Cash at Bank	51,236,812	26,032,057
8.2.1 Sonali Bank: SND A/C No.: 0119803000038	522,786	20,324,733
8.2.2 Sonali Bank: Current A/C No.: 0119802000995	50,714,026	5,707,324
Bank Balance at 30.06.20	50,938,314	5,707,324
Cheque issued	(224,288)	-
<b>9.00 Reserves &amp; Surpluses</b>	<b>3,846,969</b>	<b>3,846,969</b>
The opening figure has been drawn from the balance of Bank account operated under the Name of 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 and 2017-18.		
<b>10.00 Bills &amp; Other Payables</b>	<b>4,575,459</b>	<b>436,173</b>
Auditors' Fee Payble (Including VAT)	69,000	34,500
Fuel and Maintenance Cost Payable	-	87,309
Salary & Allowances Payables	4,506,459	314,364

