

**Auditors' Report
and
Audited Financial Statements
of
Khadim Shoe Bangladesh Limited
For the period ended 31 March 2020**

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Khadim Shoe Bangladesh Limited.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Khadim Shoe Bangladesh Limited, (the "Company") which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period ended 31 March 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements 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 the 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.

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 omission, 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 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 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.



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 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 Company so far as it appeared from our examination of these books; and
- 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.



Nurul Faruk Hasan & Co
Chartered Accountants

Dhaka, Bangladesh
Date: 9 July 2020

Khadim Shoe Bangladesh Limited
Statement of financial position
As at 31 March 2020

	Note	<u>31 March 2020</u> Taka
Assets		
Current assets		
Cash and cash equivalents	3	996,360
Total assets		<u><u>996,360</u></u>
Equity and liabilities		
Equity		
Share capital	4	990,000
Retained earnings		(614,856)
Total equity		<u><u>375,144</u></u>
Liabilities		
Current liabilities		
Payable for expenses	5	588,327
Other financial liabilities	6	6,650
Other current liabilities	7	26,239
Total liabilities		<u><u>621,216</u></u>
Total equity and liabilities		<u><u>996,360</u></u>

The accompanying notes 1 to 14 form an integral part of these financial statements.


 ✓
 Director


 ✓
 Director

Per our annexed report of same date

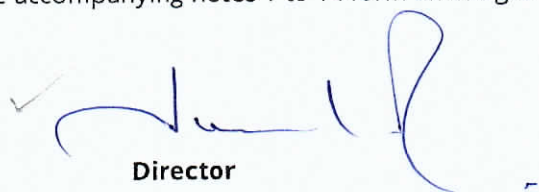
Dhaka, Bangladesh
 Dated: 9 July 2020


Nurul Faruk Hasan & Co
 Chartered Accountants

Khadim Shoe Bangladesh Limited
Statement of profit or loss and other comprehensive income
For the period from 05 September 2019 to 31 March 2020

	Note	<u>31 March 2020</u>
		Taka
Revenue		-
Cost of sales		-
Gross profit		<u>-</u>
Administrative expenses	8	(614,856)
Operating profit (loss)		<u>(614,856)</u>
Profit before tax (loss)		<u>(614,856)</u>
Income tax		-
Profit for the year (loss)		<u><u>(614,856)</u></u>
 Other comprehensive income for the year		
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit liability		-
Related tax		-
Other comprehensive income for the year, net of tax		<u>-</u>
Total comprehensive income for the year		<u><u>(614,856)</u></u>

The accompanying notes 1 to 14 form an integral part of these financial statements.


Director


Director

Per our annexed report of same date

Dhaka, Bangladesh
Dated: 9 July 2020


Nurul Faruk Hasan & Co
Chartered Accountants

Khadim Shoe Bangladesh Limited
Statement of changes in equity
For the period from 05 September 2019 to 31 March 2020

(Figures in Taka)

	Share capital	Retained earnings	Total equity
Balance as at 5 September 2019	-	-	-
Ordinary shares issued during the period	990,000		990,000
Loss after tax during the period	-	(614,856)	(614,856)
Balance as at 31 March 2019	990,000	(614,856)	375,144

The accompanying notes 1 to 14 form an integral part of these financial statements.

Khadim Shoe Bangladesh Limited
Statement of cash flows
For the period from 05 September 2019 to 31 March 2020

	Note	<u>31 March 2020</u>
		Taka
Cash flows from operating activities		
Advance received		6,650
Payment for operating expenses		290
		<u>6,360</u>
Net cash flow from operating activities		<u>6,360</u>
Investing activities		<u>-</u>
Financing activities		
Proceeds on issue of shares	4	<u>990,000</u>
Net cash (used in)/from financing activities		<u>990,000</u>
		<u>996,360</u>
Net increase/(decrease) in cash and bank balances		<u>996,360</u>
Cash and bank balances at beginning of year		-
Cash and bank balances at end of year**		<u>996,360</u>

The accompanying notes 1 to 14 form an integral part of these financial statements.

Khadim Shoe Bangladesh Limited
Notes to the financial statements
For the period from 05 September 2019 to 31 March 2020

1 Reporting entity

1.1 Company Profile

Khadim Shoe Bangladesh Limited was incorporated under the Companies Act, 1994 as a Private Limited Company, limited by shares vide Registration No. C-154904/2019 dated; 05 September 2019.

The registered address of the company is located at Anamicka Concord, 853 West Shawrapara, 11-F, Mirpur, Dhaka, Bangladesh.

1.2 Nature of business

The Company is established for importing, manufacturing and distributing various footwear and accessories, leather, hides, skin and leather substance, act as an agent in all garments, textiles, all seasonal wear like rain wear, winter wear, gloves, caps, umbrellas, bags, dress materials and related accessories.

2 Basis of accounting

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 1994.

2.2 Accrual basis of accounting

The financial statements except statements of cash flows have been prepared under accrual basis of accounting in accordance with International Financial Reporting Standards.

2.3 Reporting period

The financial period of the Company covers from 05 September 2019 to 31 March 2020.

2.4 Functional and presentational currency and level of precision

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the functional currency and presentation currency of the Company. The figures of financial statements have been rounded off to the nearest Taka.

2.5 Date of authorisation

The financial statements have been authorised for issue by the Board of Directors on 09 July 2020.

Details of the Company's accounting policies are included in notes 9 and 14.

	Notes	31 March 2020	
		Taka	
3 Cash and cash equivalents			
Cash in hand		-	
Cash at bank	3.1	996,360	
		996,360	
3.1 Cash at bank			
Prime Bank Limited (BDT A/C No- 2118111024282)		996,360	
		996,360	
4 Share capital			
4.1 Authorised capital			
10,000 ordinary shares of Tk10,000 each		100,000,000	
		100,000,000	
4.2 Issued, subscribed and fully paid-up capital			
99 Ordinary shares of Tk10,000 each		990,000	
		990,000	
4.3 Composition of shareholders of 31 March 2020			
Name of the shareholders	Number of shares	Value BDT	Percentage of shareholding
Khadim India Limited, India	98	980,000	99%
Siddhartha Roy Burman	1	10,000	1%
	99	990,000	100%
5 Payables for expenses			
Doulah & Doulah		330,603	
ABM Nasirud Doulah		27,724	
Nurul Faruk Hasan & Co.		230,000	
		588,327	
6 Other financial liabilities			
Advance from parties		6,650	
		6,650	
7 Other current liabilities			
TDS payable (Consultancy)		24,780	
TDS payable (Rent)		1,459	
		26,239	
8 Administrative expenses			
Legal and professional expense		355,383	
Office rent		29,183	
Bank charges		290	
Audit fees		230,000	
		614,856	

9 Related party disclosures

9.1 Related party transactions

During the period, the Company carried out a number of transactions with related parties in the normal course of business. The name of these related parties and nature of these transactions have been set out in accordance with the provisions of IAS 24: *Related Party Disclosures*.

Name of the party			Transaction during the period		Balance as at 31 March 2020
and relationship	Relationships	Nature of transaction	Debit Taka	Credit Taka	Taka
Khadim India Limited	Parent company and shareholder	Equity share capital	-	980,000	980,000
Siddhartha Roy Burman	Shareholder	Equity share capital	-	10,000	10,000

9.2 Transactions with key management personnel

Key management includes directors of the Company and no compensation has been paid during the current period.

10 Events after the reporting period

There was no significant event after the reporting period that requires adjustment to these financial statements. The world wide spread of Covid- 19, may adversely affect our business, financial condition or results of operations and future business plan by increased costs, disruption of supply or shortages of raw materials, energy and other supplies.

11 Commitments

The Company has no commitments as at 31 March 2020 to be paid during the next accounting year.

12 Contingencies

There is no contingent asset/liability as at the reporting date.

13 General

13.1 Number of employees

Considering this the first year of operation, there are no employees in the Company.

13.2 Comparatives

These are the first financial statements of the Company, hence comparative figures are not available and applicable.

14 Significant accounting policies

The Company has consistently applied the following accounting policies throughout the period presented in these financial statements.

14.1 Going concern

The Company has adequate resources to continue in operation for 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.

14.2 Basis of measurement

The financial statements have been prepared under the historical cost convention except financial instruments which is stated at fair value.

14.3 Management of capital

Capital consists of total equity attributable to the Shareholders. The Board of Directors monitors the level of capital. The Company's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. No changes were made in the objectives, policies or processes for managing capital during the year.

14.4 Statement of cash flows

The Statement of cash flows has been prepared in accordance with the requirements of IAS 7: Statement of cash flows. The cash generating from operating activities has been reported using the direct method.

14.5 Accounting policies, changes in accounting estimates and errors

Accounting policies

Accounting policies are the specific principles, bases, conventions, requirements and practices used by an entity in preparing and presenting its financial statements. An existing accounting policy should only be changed where a new accounting will result in reliable and more relevant information being presented. Any changes in accounting policy required to be accounted for retrospectively except where it is not practicable to determine the effect in prior periods.

Accounting estimates

The financial statements was prepared by the management on the basis of best judgments, estimations and assumptions complying the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the year in which the estimates are revised and in any future years affected.

Prior period errors

A prior period error is where an error has occurred even though reliable information was available when those financial statements were authorized for issue. Prior period error requires retrospective restatement of financial statements to adjust as if the prior period errors had never been occurred.

14.6 Taxation

Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year. The tax rate is 32.5% for the reporting period 2019-20 per Finance Act 2020-2021.

14.7 Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

14.8 Foreign currency transactions

Transactions in foreign currencies are recorded at BDT considering the applicable foreign exchange rates prevailing on the date of transaction. All monetary assets and liabilities denominated in foreign currencies at reporting date are translated to BDT at the rates of exchange prevailing on that date. Resulting exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of profit or loss and other comprehensive income as per IAS 21 "The Effects of Changes in Foreign Exchange Rates".

14.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-derivative financial instruments comprise trade receivables, other current financial assets, cash and cash equivalents, trade and other payables, short term loans and liabilities for expenses.

i) Financial assets

The company initially recognizes trade receivables on the date that they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transaction. The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. The Company's financial assets comprise trade receivables, other current financial assets and cash and cash equivalents.

ii) Financial liabilities

The Company initially recognises financial liabilities in its statement of financial position when the Company becomes a party to the contractual provisions of the liability. The Company recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Company's financial liabilities comprise trade and other payables, short term loan, liabilities for expenses.


15.0 Provisions and contingencies

Provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

Contingent liabilities and assets are not recognized in the Statement of financial position of the Company.



Director



Director