

Independent Auditors' Report and Audited Financial Statements
of
Prudent Fashions Ltd.
As at and for the year ended 31 March 2019

**Independent Auditors' Report
to the shareholders of
Prudent Fashion Ltd.**

Opinion

We have audited the financial statements of Prudent Fashion Ltd. hereinafter referred to as "the company" which comprise the statement of financial position as at 31 March 2019, 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 a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

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

Independence and Other Ethical Responsibilities

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 and ICAB by laws.

Information Other than the Financial Statements and Auditors Report Thereon

The Directors of the Company are responsible for other information. The other information comprise the information included in the Directors Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and in doing so, consider whether the directors report is materially inconsistent with the financial statements of the Company 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 the Directors Report, 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 and Internal Controls

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) and 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objective are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud and 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 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 a part of audit in accordance with ISAs, we exercise professional judgement 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements of the company. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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 communicates with those charged with governess, 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 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 pubic interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with 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 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 company's financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account.

Dated,
Dhaka

smc

Snehasish Mahmud & Co.

**Snehasish Mahmud & Co.
Chartered Accountants**

Prudent Fashions Ltd.
Statement of Financial Position
As at 31 March 2019

In Taka	Notes	31 March 2019	31 March 2018 (Restated)*
Assets			
Non-Current Assets			
Property, plant & equipment*	4	27,338	54,669
Capital work in progress (CWIP)*	5	6,383,239	2,075,358
Total non-Current assets		6,410,577	2,130,027
Current Assets			
Advance, deposit and prepayment	6	72,271,822	30,160,932
Cash & cash equivalents	7	748,486	601,586
Total current assets		73,020,308	30,762,518
Total assets		79,430,886	32,892,545
Equity and liabilities			
Equity			
Share capital	8	800,000	800,000
Share money deposit	9	82,264,707	32,466,282
Retained earnings*		(4,056,097)	(730,439)
Total equity		79,008,610	32,535,843
Current liabilities			
Payable for expenses	10	422,276	356,702
Total current liabilities		422,276	356,702
Total equity and liabilities		79,430,886	32,892,545

The accompanying notes from 1 to 11 form an integral part of these financial statements.


Managing Director


Director

As per our report of same date

Dated,
 Dhaka
SmAC

Snehasish Mahmud
Snehasish Mahmud & Co.
 Chartered Accountant

Prudent Fashions Ltd.
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2019

In Taka	Notes	31 March 2019	31 March 2018 (Restated)*
Revenue		-	-
Cost of goods sold		-	-
Gross profit		-	-
Operating expenses			
Administrative expenses *	11	3,325,658	671,175
Selling and distribution expenses		-	-
Total operating expenses		3,325,658	671,175
Operating loss		(3,325,658)	(671,175)
Other income		-	-
Other expenses		-	-
Loss before tax		(3,325,658)	(671,175)
Income tax expenses		-	-
Loss after tax		(3,325,658)	(671,175)
Other comprehensive income / expenses		-	-
Net loss		(3,325,658)	(671,175)

The accompanying notes from 1 to 11 form an integral part of these financial statements.


Managing Director


Director

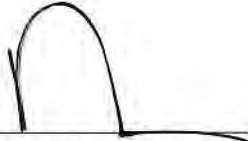
As per our report of same date

Dated,
 Dhaka
Smae

Snehasish Mahmud & Co.
Snehasish Mahmud & Co.
Chartered Accountants

Prudent Fashions Ltd.
Statement of Changes in Equity
For the year ended 31 March 2019

In Taka	Share Capital	Share Money Deposit	Retained Earnings	Total equity
Opening balance as at 1 April 2017	800,000	4,188	(59,263)	744,924
Share money deposit	-	32,462,094	-	32,462,094
Net loss for the year	-	-	(2,801,202)	(2,801,202)
Closing balance as at 31 March 2018	800,000	32,466,282	(2,860,466)	30,405,816
Prior year errors (Note - 11.02)	-	-	2,130,027	2,130,027
Restated opening balance as on 1 April 2018	800,000	32,466,282	(730,439)	32,535,843
Share money deposit	-	49,798,425	-	49,798,425
Net loss during the year	-	-	(3,325,658)	(3,325,658)
Closing balance as at 31 March 2019	800,000	82,264,707	(4,056,097)	79,008,610



Managing Director



Director

Dated,
Dhaka

Prudent Fashions Ltd.
Statement of Cash Flows
For the year ended 31 March 2019

In Taka	Note	31-Mar-19	31-Mar-18 (Restated)*
A. Cash flows from operating activities:			
Net loss before tax		(3,325,658)	(671,175)
Adjustments for non cash items			
Depreciation		27,331	27,331
Cash flow from operating activities before working capital changes		(3,298,327)	(643,844)
Change in Working capital :			
Increase in advance deposit and prepayments		(42,110,890)	(30,160,932)
Increase in payables		65,574	299,202
Net cash flow from operating activities		(45,343,643)	(30,505,574)
B. Cash flows from investing activities:			
Acquisition of fixed assets		-	(82,000)
Acquisition of capital work in progress		(4,307,882)	(2,075,358)
Net cash used in investing activities		(4,307,882)	(2,157,358)
C. Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds from share money deposit		49,798,425	32,462,094
Net cash from financing activities (C)		49,798,425	32,462,094
Net increase in cash & cash equivalent (D = A+B+C)		146,900	(200,838)
Opening cash and bank balances		601,586	802,424
D. Closing balance		748,486	601,586
Closing balance represents			
Cash in hand		173,519	206,137
Cash at Bank		574,967	395,449
Closing balance reconciled		748,486	601,586



Managing Director



Director

Dated,
Dhaka

Prudent Fashions Ltd.
Notes to the financial statements
As at and for the year ended 31 March 2019

1.00 Reporting entity

1.01 Formation and legal status

Prudent Fashions Ltd. hereinafter referred to as 'the Company' was formed and incorporated with the Register of Joint Stock Companies and Firms, Bangladesh on 02 March 2017 under the Companies Act 1994 as a private limited company limited by shares vide Registration no: C-136361/2017. The address of the registered office of the company is House-29, Gareeb-E-Newaz Avenue, (4th Floor), Sector-11, Uttara, Dhaka.

1.02 Nature of business

To produce various types of readymade garments viz. Man's shirt, trousers, baby dresses, jeans pants, shirts, T-shirts, sports shirts, women's dresses, gowns, blouse and all other related goods. To establish a factory and to carry on the business of garments thread, export oriented garments ploy bag, garment washing, garment packaging and all kinds of garments accessories designer, manufacture, supplier, exporter, importer and Indentors. To establish and carry on the business of Dyeing, Continues bleaching, Mercerizing, Finishing and Printing all kinds of cloths, Yarn, hosiery goods, dressing materials, later and other goods.

2.00 Basis of preparation

2.01 Statement of compliance

This financial statements have been prepared following accrual basis of accounting except for statement of cash flows in accordance with International Accounting Standards (IASs), International Financial Reporting Standard (IFRSs) and Companies Act 1994.

2.02 Other regulatory compliances

The Company is required to comply with following major laws and regulations along with the Companies Act 1994:

The Income Tax Ordinance, 1984

The Income Tax Rules, 1984

The Value Added Tax Act, 1991

The Value Added Rules, 1991

The Customs Act, 1969

2.03 Basis of measurement

The financial statements have been prepared on historical cost following the accrual basis on accounting.

2.04 Functional and presentational currency

These financial statements are prepared in Bangladesh Taka (Taka/Tk/BDT), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest integer unless otherwise indicated.

2.05 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2.06 Going concern

The company was incorporated in 02 March 2017 and the commercial operation of the company has not been started yet. The board of directors of the company believes that the company will be able to realize its assets and discharge its all liabilities and commitments as soon as the commercial operation of the company start. As a result the financial statements of the company has been prepared on a going concern basis.

2.07 Cash flow statements

Cash Flow Statement is prepared as per International Accounting Standard (IAS-7). Cash flow from operating activities is determined for the period under indirect method.

2.08 Reporting period

The financial statement of the company covers for the year 01 April 2018 to 31 March 2019.

3.00 Significant accounting policies

The accounting policies set out below have been applied consistently in these financial statements.

3.01 Property, plant and equipment

3.02 Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises of its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3.03 Subsequent Costs

The cost of replacing part of an item of fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

3.04 Depreciation

Depreciation is charged on all items of property, plant and equipment using the straight line method. For addition to property, plant and equipment, full year depreciation has been charged on assets.

No depreciation is charged on capital work in progress (CWIP) and CWIP has not yet been placed in service.

The depreciation rates used after considering the useful life of assets are as follows:

Particulars	Rate
Computer	33.33%

3.05 Advances, deposits and prepayments

Advances, deposits and prepayments at the balance sheet date are stated net of provision for amounts estimated to be doubtful of recovery.

3.06 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at banks which are held by the company without any restriction.

3.07 Payables and accruals

Liabilities are recognized for amounts to be paid in future for goods and services received.

3.08 Events after 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.

4.00 Property, plant & equipment

In Taka	Notes	31-Mar-19	31-Mar-18
Cost:			(Restated)
Opening balance		82,000	-
Addition during the year	4.1	-	82,000
Closing balance		82,000	82,000
Accumulated depreciation:			
Opening balance		27,331	-
Depreciation charged during the year		27,331	27,331
Closing balance		54,662	27,331
Written Down Value (WDV)		27,338	54,669

Assets wise details have been given in Annexure-A

4.01 Fixed Assets

In Taka	Note	31-Mar-18
		(Restated)
Closing balance on 31 March 2018		-
Prior year error	11.01	82,000
Restated closing balance on 31 March 2018		82,000

* An amount of Tk.82,000 has been incurred for purchasing laptop, which was wrongly charged as administrative expenses in the year 2018 now rectified as per IAS-8.

5.00 Capital work in progress (CWIP)*

In Taka	Note	31-Mar-19	31-Mar-18
			(Restated)
Interior work	5.01	6,383,239	2,075,358
Closing balance		6,383,239	2,075,358

5.01 Interior work

In Taka	Note	31-Mar-18
		(Restated)
Closing balance on 31 March 2018		-
Prior year error	11.01	2,075,358
Restated closing balance on 31 March 2018		2,075,358

* An amount of Tk. 2,075,358 has been incurred for interior work, which was wrongly charged in administrative expenses in the year 2018 now rectified as per IAS-8.

6.00 Advance Deposit and prepayments:

In Taka	Note	31-Mar-19	31-Mar-18
Advance to land-lord		70,000,000	30,000,000
Advance to employees		50,890	-
AED Consultant		160,932	160,932
Saidul Builder		60,000	-
Security deposit to Dhaka Palli Biddut		2,000,000	-
Closing balance		72,271,822	30,160,932

7.00 Cash and cash equivalents

In Taka	Note	31-Mar-19	31-Mar-18
Cash in hand		173,519	206,137
Cash at bank:			
United Commercial Bank Limited (UCBL), Mohakhali Branch, A/c-0781101000001416		516,292	395,449
HSBC, Gulshan Branch 001-009885-011		58,675	-
Closing balance		748,486	601,586

8.00 Share capital

In Taka	Note	31-Mar-19	31-Mar-18	
Authorized capital:				
15,60,000 ordinary shares of Tk. 100 each		156,000,000	156,000,000	
Issued, subscribed and paid up capital:				
8000 ordinary shares of Tk. 100 each		800,000	800,000	
Share holding position:				
Name of the shareholders	%	No of shares	Par Value	Total
Pearl Global (HK) Ltd.	98%	7,800	Tk 100.00	780,000
Mr. Deepak Kumar Seth	1%	100	Tk 100.00	10,000
Mr. Pulkit Seth	1%	100	Tk 100.00	10,000
Total	100%	8,000		800,000

9.00 Share money deposit

In Taka	Notes	31-Mar-19	31-Mar-18
Pearl Global (HK) Ltd		43,161,615	32,463,190
Mr. Deepak Kumar Seth		1,569	1,569
Mr. Pulkit Seth		1,523	1,523
Norp Knit Industries Ltd		39,100,000	-
Closing balance		82,264,707	32,466,282

10.00 Payable for expenses

In Taka	Notes	31-Mar-19	31-Mar-18
Payable to Md.Abdus salam		32,000	32,000
Salary payable		280,957	198,929
TDS payable		51,819	10,773
Audit fees		57,500	115,000
Closing balance		422,276	356,702

11.00 Administrative expenses

In Taka	Notes	31-Mar-19	31-Mar-18 (Restated*)
Salary		90,000	-
Registration fees and exp		1,276,755	346,020
Printing and stationery		15,262	16,828
Project expenses		37,850	102,509
Mobile and internet bill		85,793	49,926
Travelling and conveyance		77,640	57,595
Bank charges		25,087	13,466
Audit fees		57,500	57,500
Handling & transport		500	-
Documentation expenses		1,229,605	-
Staff welfare expenses		11,698	-
Housekeeping & cleaning		9,000	-
Entertainment expense		21,767	-
Guest house/Hotel expenses		278,732	-
Legal & Profession Fees		81,138	-
Depreciation on Computer Equipment		27,332	27,331
Total		3,325,658	671,175

11.01 Administrative expenses

In Taka	Notes	31-Mar-18
Administrative expenses total as on 31 March 2018		2,801,202
Transferred to CWIP	5.01	(2,075,358)
Transferred to fixed assets	4.01	(82,000)
Restated administrative expenses on March 18		643,844

*An amount of Tk. 2,157,358 has been wrongly charged in the year 2018 as administrative expenses instead of capital expenditure which is now rectified as per IAS-8 and transferred to the Capital Work in Progress by Tk 2,075,358 (See note - 5) and fixed assets by Tk 82,000 (See note - 4).

11.02 Detail of prior year errors

In Taka	Notes	31-Mar-18
Transferred to CWIP	5.01	2,075,358
Transferred to fixed assets	4.01	82,000
Depreciation on Computer		(27,331)
Total		2,130,027

Prudent Fashions Ltd.
Schedule of Property, Plant & Equipment
As at 31 March 2019

Annexure-A

Particulars	Cost			Rate of Depreciation	Depreciation			WDV as at 31-Mar-19	
	As at 01-Apr-18	Addition this year	Adjustment this year		As at 01-Apr-18	Charged this year	Adjustment / disposal		As at 31-Mar-19
	82,000	-	-		27,331	27,331	-		54,662
Total Property, plant & equipment	82,000	-	-		27,331	-	54,662	27,338	

Prudent Fashions Ltd.
Schedule of Property, Plant & Equipment
As at 31 March 2018

Particulars	Cost			Rate of Depreciation	Depreciation			WDV as at 31-Mar-18	
	As at 01-Apr-17	Addition this year	Adjustment this year		As at 01-Apr-17	Charged this year	Adjustment / disposal		As at 31-Mar-18
	-	82,000	-		-	27,331	-		27,331
Total Property, plant & equipment	-	82,000	-		-	-	27,331	54,669	