

**AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
OF
GOLDEN SON LIMITED**

for the year ended 30 June 2020

**Independent Auditor's Report
to the shareholders
of
Golden Son Ltd.**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Golden Son Ltd., 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 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 June 30, 2020 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Turnover (Revenue)	
See note # 25 to the financial statements	
Key audit matters	How the matters were addressed in our audit
<p>At year-end, the reported total Turnover is Tk. 628,411,935/-</p> <p>There is also a risk that revenue may be overstated /understated due to the timing differences.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting standards.



<p>Indicators of the Company, which give rise to an inherent risk of the existence and the accuracy of the revenue.</p>	<ul style="list-style-type: none"> • Segregation of duties in invoice creation and modification and timing of revenue recognition. • Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards. • Obtain supporting documentation for sale transaction recorded either side of year-end to determine whether revenue was recognized in the current period. • Comparing a sample of revenue transactions recognized during the year with the sale invoices and other relevant underlying documentation. • Critically assessing manual journals posted to revenue to identify unusual or irregular items, and finally assessed the appropriateness and presentation of disclosures against relevant accounting standards. <p>We were satisfied that the revenue recognition policies have been applied appropriately. Based on the work performed, we concluded that revenue has been recorded appropriately.</p>
<p>Inventories</p>	
<p>See note # 7 to the financial statements</p>	
<p>Key audit matters</p> <p>As at June 30, 2020, the reported amount of inventories is Tk. 1,482,420,111/- held in plants warehouses.</p> <p>On the reporting date, inventories are carried at the lower of cost and net realizable value. As such, the companies apply judgment in determining the appropriate values of inventory in accordance with International Accounting Standard (IAS).</p> <p>Considering the risk as stated above the valuation of Inventory is a key audit matter to the Financial Statements.</p>	<p>How the matters were addressed in our audit</p> <p>We verified the appropriateness of, management's assumptions applied in calculating the value of the inventory as per International Accounting Standard (IAS) by:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of key inventory controls operating across the factory, warehouse. • Inventory counts and reconciling the results have been done by the management, due to COVID-19 situation, couldn't attend physical verification counting. • We have collected inventory count data sheet and relevant certification of inventories which indicates inventory items were maintained in good condition and maintaining all compliances. • Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year. • Obtaining a detailed review with the subsequent sales to compare with the net realizable value. <p>We were satisfied that the inventory recognition</p>



	and measurement policies have been applied appropriately. Based on the work performed, we concluded that inventories have been recorded appropriately.
Property, plant and equipment	
See note # 4 to the financial statements	
Key audit matters	How the matters were addressed in our audit
<p>The carrying value of the tangible fixed assets is Tk. 3,067,170,446/- as at June 30, 2020. The valuation of tangible fixed assets was identified as a key audit matter due to significance of this balance to the Financial Statements.</p> <p>The costs (capital in nature) are classified as an asset, if it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.</p> <p>The useful lives of tangible fixed assets items are based on management's estimates regarding the period over which an asset is expected to be available for use. The estimates of the useful life of the assets is a matter of judgments based on the experience of the entity with similar assets and also take into consideration the physical condition of the assets.</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> • We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent. • We obtained a listing of capital expenditures incurred during the year and, on a sample basis, checked whether the items were procured during the year. • We verified the invoices and L/C documents on sample basis to segregate the capital and operating expenditure and found that the transactions are appropriately classified. • We evaluated whether the useful lives determined and applied by the management were in line with the nature of assets, the physical condition of the assets and its uses. • We checked whether the depreciation of tangible fixed assets items was commenced from the date of ready to use and found the depreciation had been started accordingly <p>We were satisfied that the property, plant and equipment recognition and measurement policies have been applied appropriately. Based on the work performed, we concluded that property, plant and equipment have been recorded appropriately.</p>
Long Term Loan & Short-Term Loan	
See note # 18 & 20 to the financial statements	
Key audit matters	How the matters were addressed in our audit
<p>As at June 30, 2020, the reported amount of total long-term loan is Tk. 1,424,461,239/- and Short-term Borrowings is Tk. 1,403,909,656/- respectively. The company borrowed fund from various Bank for the purpose of acquisition of non-current assets and working capital as well.</p> <p>The company may face difficulties due to unfavorable movement in interest rate & monetary policy that may result in short-term and cash flow crisis.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure the proper use of loan • We verified sanction letter, loan schedule bank statements to confirm the loan outstanding and found that the balance had been reported in the Financial Statements accurately. • We checked the financial expenses and classification of loan and repayment schedule on a test basis as well.



