

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

For the year ended 30th June, 2022

**Independent Auditors' 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, 2022 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, 2022 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 (ISA). 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.

Emphasis of Matter

We draw attention to Note No.4, 9, 27 & 41 of financial statements, which describes the effects of a fire in the Company's production facilities and unclaimed dividend. Our opinion is not modified in respect of this matter.

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 # 26 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. 630,288,197/-. 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 Indicators of the Company, which give rise to an inherent risk of the existence and the accuracy of the revenue.</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. • 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.



	<ul style="list-style-type: none"> • 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>
Inventories	
See note # 7 to the financial statements	
Key audit matters	How the matters were addressed in our audit
<p>As at June 30, 2022, the reported amount of inventories is Tk. 1,352,064,526/- 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>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 and measurement policies have been applied appropriately. Based on the work performed, we concluded that inventories have been recorded appropriately.</p>
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. 2,690,787,323/- as at June 30, 2022. 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</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,



<p>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>checked whether the items were procured during the year.</p> <ul style="list-style-type: none"> • 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>
<p>Long Term Loan & Short-Term Loan</p> <p>See note # 19 & 21 to the financial statements</p>	
<p>Key audit matters</p> <p>As at June 30, 2022, the reported amount of total long-term loan is Tk. 2,536,417,645/- and Short-term Borrowings is Tk. 961,534,914/- 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>How the matters were addressed in our audit</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. • We checked the recording date of transactions and found the recording date is in line with the loan disbursement date. <p>We were satisfied that; Long Term Loan & Short-Term Loan was recorded properly. Based on the work performed, we concluded that Long Term Loan & Short-Term Loan have been recorded appropriately.</p>
<p>Trade Receivable</p> <p>See note # 8 to the financial statements</p>	
<p>Key audit matters</p> <p>The total amount of TradeReceivables is Tk. 1,651,284,883/-at June 30, 2022. There are significant large numbers of individual small customers. Customers in different business segments and jurisdictions are subject to their independent business risk.</p>	<p>How the matters were addressed in our audit</p> <p>Our audit procedures of assess the recoverability of trade receivables including the following:</p> <ul style="list-style-type: none"> • Tested the accuracy of aging of Receivables at year end on a sample basis; • Evaluating the Company's policy for making allowance for doubtful debts with reference to the requirements of the prevailing accounting standards;



<p>The increasing challenges over the economy and operating environment in the manufacturing industry during the year have increased the risks of default on receivables from the customers. In particular, in the event of insolvency of customers, the company is exposed to potential risk of financial loss when the customers fail to meet their contractual obligations in accordance with the requirements of the agreements.</p> <p>Accordingly, we identified the recoverability of Receivables as a key audit matter because of the significance of Receivables to Company's Financial Position and because of the significant degree of management judgment involved in evaluating the adequacy of the allowance for doubtful debts.</p>	<ul style="list-style-type: none"> Assessing the classification of trade receivables in the debtors ageing report by comparison with sales invoice and other underlying documentation on a taste basis; Assessed the recoverability of the debtors on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers and Inspecting subsequent bank receipts from customers and other relevant underlying documentation relating to trade receivable balances at 30 June 2022; <p>We were satisfied that; Trade and Other Receivable were recorded properly and assessed with their appropriate recoverability. Based on the work performed, we concluded that Trade and Other Receivable have been recorded appropriately.</p>
<p>Other Receivable</p>	
<p>See note # 9 to the financial statements</p>	
<p>Key audit matters</p>	<p>How the matters were addressed in our audit</p>
<p>The total amount of Other Receivables is Tk. 651,856,310/- at June 30, 2022. This amount consists of Insurance Receivable and FDRs Interest.</p> <p>The increasing challenges over the economy and operating environment in the manufacturing industry during the year have increased the risks of default on receivables from the customers. In particular, in the event of insolvency of customers, the company is exposed to potential risk of financial loss when the customers fail to meet their contractual obligations in accordance with the requirements of the agreements.</p> <p>Accordingly, we identified the recoverability of Receivables as a key audit matter because of the significance of Receivables to Company's Financial Position and because of the significant degree of management judgment involved in evaluating the adequacy of the allowance for doubtful debts.</p>	<p>Our audit procedures of assess the recoverability of other receivables including the following:</p> <ul style="list-style-type: none"> Tested the accuracy of Insurance Claim Receivables at year end on a sample basis; Inspecting on Surveyors Report and other relevant underlying documentation relating to trade insurance claim balances at 30 June 2021; We checked the FDRs interest with the bank statement and found in order. <p>We were satisfied that; Other Receivable were recorded properly and assessed with their appropriate recoverability. Based on the work performed, we concluded that Other Receivable have been recorded appropriately.</p>



Fire set place in factory premises	
See note # 4, 9 & 27 to the financial statements	
Key audit matters	How the matters were addressed in our audit
During the period of audit we have observed that fire set in factory premises on dated October 04, 2020. Subsequently based Surveyor's report company has Insurance claimed of Tk. 648,275,177 which has been shown as Insurance Claim Receivable under other receivable in note number 9 of notes to the financial statements. Due to significance of the uncertainty of recoverability we considered Insurance Claim as key audit matter.	Our audit procedures of assess the recoverability of trade receivables including the following: <ul style="list-style-type: none"> • We have visited the factory premises physically and confirm the incidence of fire; • We have collected and checked the relevant documents of fire insurance; • We have collected surveyor's report and confirm the insurance claim;

Other Matter

The financial statements of the subsidiary named Golden Infinity Ltd. & associate company named GSL Export Limited for the year ended June 30, 2022 have been audited by another auditor namely Ahmed Zaker & Co. Chartered Accountants who expressed an unmodified opinion on these financial statements on November 05, 2022.

Other Information

Management is responsible for the other information. The other information comprises the Director's Report to the Shareholders, Financial Highlights & Financial Performance, Report of the Audit Committee and Certification on Corporate Governance but doesn't include the financial statements and our auditor's report. The Director's Report to the Shareholders, Financial Highlights & Financial Performance, Report of the Audit Committee and Certification on Corporate Governance are expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Director's Report to the Shareholders, Financial Highlights & Financial Performance, Report of the Audit Committee and Certification on Corporate Governance that there is a material misstatement there in; we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987, relevant notifications issued by Bangladesh Securities and Exchange Commission (BSEC) 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 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.

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.

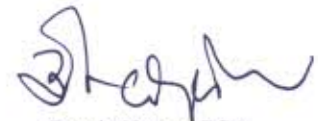
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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 public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission (BSEC), 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;
- 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 accounts and returns; and
- d) the expenditure incurred was for the purpose of the Company's business.

Signed for & on behalf of



Fouzia Haque, FCA
Partner

FAMES & R

Chartered Accountants

DVC # 2211091032AS988649

Place: Dhaka

Date: November 08, 2022

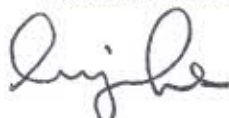


Golden Son Limited
Consolidated Statement of Financial Position

As at June 30, 2022

Particulars	Notes	Amount in Taka	
		June 30, 2022	June 30, 2021
Assets			
Non-Current Assets:		3,395,946,137	3,505,258,967
Property, Plant and Equipment	4	2,690,787,323	2,769,814,422
Capital Work-in-Progress	5	641,302,957	437,409,100
Investment	6	63,855,857	298,035,445
Current Assets:		4,096,984,390	4,307,969,870
Inventories	7	1,352,064,526	1,173,683,527
Trade Receivables	8	1,651,284,883	1,732,593,143
Other Receivables	9	651,856,310	828,068,397
Investment in Shares & Securities	10	6,626,473	8,110,669
Advances, Deposits and Prepayments	11	390,848,469	453,900,027
Cash and Cash Equivalents	12	44,303,729	111,614,107
Total Assets		7,492,930,527	7,813,228,837
Equity and Liabilities			
Capital and Reserves:			
Paid-up Share Capital	13	1,717,297,720	1,717,297,720
Share Premium	14	1,090,156,184	1,090,156,184
Tax Holiday Reserve	15	50,567,296	50,567,296
AFS Reserve	10.01	(2,422,614)	1,093,001
Revaluation Reserve	16	343,176,107	349,393,212
Retained Earnings	17	191,014,171	263,173,854
Equity attributable to shareholders' of the company		3,389,788,864	3,471,681,267
Non-controlling Interest		(3,961)	744
Total shareholders' equity		3,389,784,903	3,471,682,011
Non-Current Liabilities:		2,029,959,874	1,823,854,449
Deferred Tax	18	157,703,315	167,262,856
Long Term Loan	19	1,872,256,559	1,655,985,241
Lease Finance	20	-	606,352
Current Liabilities:		2,073,185,750	2,517,692,377
Short Term Borrowings	21	961,534,914	1,416,554,025
Provisions for Expenses and Other Liabilities	22	224,542,974	263,316,334
Liabilities for Other Finance	23	18,729,289	57,752,517
Current Portion of Long Term Loan	19	664,161,086	574,054,426
Current Portion of Lease Finance		86,611	3,386,272
Unclaimed Dividend	41	89,626,600	95,279,259
Unearned Revenue	24	71,997,440	61,540,506
Liabilities for Income Tax	25	42,506,836	45,809,038
Total Liabilities		4,103,145,624	4,341,546,826
Total Equity and Liabilities		7,492,930,527	7,813,228,837
Net Asset Value Per Share (NAVPS)		19.74	20.22

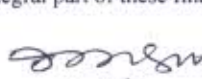
Annexed notes form an integral part of these financial statements



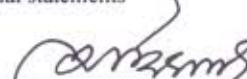
Chairman



Managing Director

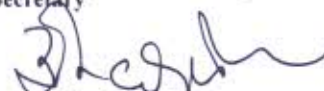


Director



Company Secretary

Signed in terms of our separate report of even date annexed.



Fuzia Haque, FCA
Partner

Date: November 08, 2022
Place: Dhaka

FAMES & R
Chartered Accountants
DVC # 2211091032AS988649



Golden Son Limited
Consolidated Statement of Profit or Loss & Other Comprehensive Income
for the year ended June 30, 2022

Particulars	Notes	Amount in Taka	
		June 30, 2022	June 30, 2021
Turnover	26	630,288,197	876,211,124
Cost of Sales	27	559,396,129	572,187,861
Gross Profit		70,892,068	304,023,263
Operating, Administrative & Selling Expenses	28	68,365,946	76,336,832
Trading Profit		2,526,122	227,686,431
Financial Expenses	29	103,801,685	169,926,324
Gross Operating (Loss) / Profit		(101,275,563)	57,760,107
Non Operating Income	30	58,226,053	50,519,819
(Loss) / Profit before Tax		(43,049,510)	108,279,926
Current Tax expenses	31	15,681,849	39,007,354
Deferred Tax	17	(8,071,780)	18,097,475
Provision for Tax	18	7,610,069	57,104,829
Net (Loss) / Profit after Tax		(50,659,579)	51,175,097
Other Comprehensive Profit / (Loss) :			
Unrealized (Loss) / Profit on Securities Available for Sale		(3,906,239)	7,132,826
Related Deferred Tax		390,624	(713,283)
Total Comprehensive (Loss) / Profit		(54,175,194)	57,594,640
Profit / (Loss) Attributable to :			
Owners of the company		(54,170,489)	57,595,008
Non-controlling Interest		(4,705)	(368)
Total Comprehensive (Loss) / Profit		(54,175,194)	57,594,640
Consolidated Earnings Per Share (EPS)	32	(0.29)	0.30

Annexed notes form an integral part of these financial statements


Chairman


Managing Director


Director


Company Secretary

Signed in terms of our separate report of even date annexed.


Fuzia Haque, FCA

Partner

FAMES & R

Chartered Accountants

DVC # 2211091032AS988649

Date: November 08, 2022
Place: Dhaka



