

Payra Port Authority

Audit Report & Audited Financial Statements
For the year ended 30 June 2016

Khan Wahab Shafique Rahman & Co.

Chartered Accountants

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Independent Auditor's Report to the Authority of

PAYRA PORT AUTHORITY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Payra Port Authority**, which comprise the statement of financial position as at 30 June, 2016 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 authority's financial statements give a true and fair view, in all material respects, the financial position of the Payra Port Authority as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, Payra Port Authority Act (Act no. 53 of 2013) and others 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) together 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 and 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 Matters

- (1) As per memo no-18.016.014.00.00.020.2012 (1st Part) 592, Dated 16.09.2013 and 18.016.014.00.00.020.2012 (1st Part)-732, Dated 09.12.2013 of Ministry of Shipping, a memorandum of understanding (MOU) has been signed between Chittagong Port Authority & Payra Port Authority to establish 3rd sea port of Bangladesh for covering on growing sea trade. The MOU has been signed to provide financial & technical support to the newly established Payra Port under Payra Port Authority Act 2013 for its required primary expenditures. In connection with this, Chittagong Port Authority has sanctioned an interest free loan amounting Tk. 496,200,000.00 for Payra Port Authority and recognized in its financial Statements as loan provided to Payra Port Authority by said total amount. From which Chittagong Port Authority has spent

directly Tk. 418,363,703.54 on behalf of Payra Port Authority and transferred Tk. 77,836,296.00 to bank account of Payra Port Authority. Chittagong Port Authority has not segregated the nature of loan amount as capital & revenue expenditure and ownership of assets is still not finalized with Payra Port Authorities. Only the transferred amount has been shown in note no. 7.00 of notes to the financial statements of Payra Port Authority as "loan from Chittagong Port Authority". But the remaining balance has not been recognized by Payra Port Authority in the financial statements. Therefore, assets and liabilities have been understated in the financial statements.

- (2) We draw attention in **note no. # 3.13** of notes to the Financial Statements where management described the reasons for creating "**Special Reserve Fund**".

Other Information

The management of Payra Port Authority is responsible for the other information. The other information comprises all of the information in the annual Report other than the financial statements and our auditor's report thereon. The annual report is 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements of our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Management of Payra Port authority is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable Laws and Regulation 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 preparation the financial statements, management is responsible for assessing the authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the authority'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 International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered 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 procedure that as appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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.
- 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 audit.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and other applicable laws and regulations, 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 account as required by law have been kept by the authority 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.



Khan Wahab Shafique Rahman & Co.
Chartered Accountants
Signed By: Md. Tanjilur Rahman ACA
Partner
Enrolment No: 1885
Firm's Reg. No.: 11970 E.P.



G. Kibria & Co.
Chartered Accountants
Signed By: Mohammad Showket Akber, FCA
Partner
Enrolment No: 970
Firm's Reg. No.: 4/392/ICAB-1983

Place: Dhaka.
Dated:



Payra Port Authority
Statement of Financial Position
As at 30 June, 2016

Particulars	Notes	Amount (TK.)	
		30-Jun-16	30-Jun-15
Sources of Fund:			
Fund & Equity:			
Retained Surplus (Deficite)	04.00	(2,297,678)	(6,171,059)
Special Reserve Fund	05.00	(17,219,064)	(10,193,407)
		14,921,386	4,022,348
Long Term Liabilities:		786,513,471	344,424,286
Non-Current portion of Deferred Income (Grant Received from Government Under Capital Approach)	06.01	708,677,175	266,587,990
Loans from Chittagong Port Authority (CPA)	07.00	77,836,296	77,836,296
Total Sources of Fund		784,215,794	338,253,228
Application of Fund:			
Fixed Assets			
Operating Tangible Assets (Under Capital Approach)	08.00	872,515,540	341,967,146
Operating Intangible Assets (Under Capital Approach)	08.01	674,767,363	284,725,505
Operating Tangible Assets	08.02	176,416,161	40,800,000
Operating Intangible Assets	08.03	21,332,017	4,123,509
	08.04	-	12,318,132
Current Assets:		83,620,523	118,616,714
Cash & Cash Equivalent	09.00	69,596,815	108,460,961
Advance, Deposits & Prepayments	10.00	6,850,339	2,982,384
Advance Against Land Purchase (Under Capital Approach)	11.00	7,173,370	7,173,370
Current Liabilities:		171,920,270	122,330,633
Current portion of Deferred Income (Grant Received from Government Under Capital Approach)	12.00	149,679,719	66,110,885
Accounts & Other Payable	13.00	-	16,575
Security Deposit Payable	14.00	22,240,551	1,692,524
Provisions & Accruals	15.00	-	54,510,650
Provision for Tax	16.00	-	-
Net Current Assets:		(88,299,746)	(3,713,919)
Total Application of Fund / Capital Employed:		784,215,794	338,253,228

The annexed notes from 01 to 20 form an integral part of these financial statements.

Ruhul Amin

Assistant Director (Finance)
Md. Ruhul Amin
Assistant Director (Finance)
Payra Port Authority

S.M. Shahdot Hossain

Deputy Director (Budget)
S.M. Shahdot Hossain
Deputy Director (Budget)
Payra Port Authority

Signed in terms of our separate report of even date.

M. Rafiul Hasain

Member (Admin & Finance)
Commander M Rafiul Hasain
(TAS), psc, BN (Retd.)
Member (Admin & Finance)
Payra Port Authority

Md. Tanjilur Rahman

Khan Wahab Shafique Rahman & Co.
Chartered Accountants
Signed By: Md. Tanjilur Rahman ACA
Partner
Enrolment No: 1885
Firm's Reg. No.: 11970 E.P.

Mohammad Showket Akber

G. Kibria & Co.
Chartered Accountants
Signed By: Mohammad Showket Akber, FCA
Partner
Enrolment No: 970
Firm's Reg. No.: 4/392/ICAB-1983

Place: Dhaka.
Date:



Payra Port Authority
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June, 2016

Particulars	Notes	Amount in Taka	
		2015-2016	2014-2015
Grant Income from Government	17.01	18,672,015	32,355,663
Grant Income (Under Capital Approach)	17.02	52,759,252	66,110,885
Total Income		171,431,267	98,466,548
Office & Administrative Expenses	18.00	75,156,740	106,046,690
Selling Expense	19.00	2,032,116	1,403,546
Financial Expenses	20.00	1,268,068	415,352
Total Expenditure		178,456,925	107,865,588
Net Profit / (Loss) before tax during the year		(7,025,657)	(9,399,040)
Tax Provision	16.00	-	-
Net Profit / (Loss) after tax during the year		(7,025,657)	(9,399,040)

The annexed notes from 01 to 20 form an integral part of these financial statements.



Assistant Director (Finance)
Md. Ruhul Amin
 Assistant Director (Finance)
 Payra Port Authority



Deputy Director (Budget)
S.M. Shahadot Hossain
 Deputy Director (Budget)
 Payra Port Authority

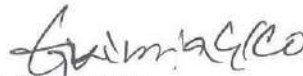


Member (Admin & Finance)
Commander M Raful Hasain
 (TAS), psc, BN (Retd.)
 Member (Admin & Finance)
 Payra Port Authority

Signed in terms of our separate report of even date.



Khan Wahab Shafique Rahman & Co.
 Chartered Accountants
 Signed By: **Md. Tanjilur Rahman ACA**
 Partner
 Enrolment No: 1885
 Firm's Reg. No.: 11970 E.P.



G. Kibria & Co.
 Chartered Accountants
 Signed By: **Mohammad Showket Akber, FCA**
 Partner
 Enrolment No: 970
 Firm's Reg. No.: 4/392/ICAB-1983

Place: Dhaka.
 Dated:



Payra Port Authority
Statement of Changes in Equity
For the year ended 30 June, 2016

Particulars	Amount in Taka		
	Special Reserve Fund	Retained Surplus/(Deficite)	Total
Balance as at 01 July, 2015	4,022,348	(10,193,407)	(6,171,059)
Addition during the year	10,899,038	-	10,899,038
Add: Net Profit / (Loss) during the year	-	(7,025,657)	(7,025,657)
Balance as at 30 June, 2016	14,921,386	(17,219,064)	(2,297,678)

Particulars	Amount in Taka		
	Special Reserve Fund	Retained Surplus/(Deficite)	Total
Balance as at 01 July, 2014	-	(794,367.49)	(794,367)
Addition during the year	4,022,348	-	4,022,348
Add: Net Profit / (Loss) during the year	-	(9,399,040)	(9,399,040)
Balance as at 30 June, 2015	4,022,348	(10,193,407)	(6,171,059)

R. Amin

Assistant Director (Finance)

Md. Ruhul Amin
Assistant Director (Finance)
Payra Port Authority

S.M. Shahadot Hossain

Deputy Director (Budget)

S.M. Shahadot Hossain
Deputy Director (Budget)
Payra Port Authority

M. Rafiqul Hasain

Member Admin & Finance

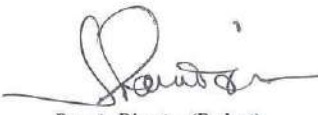
Commander M Rafiqul Hasain
(TAS), psc, BN (Retd.)
Member (Admin & Finance)
Payra Port Authority



Payra Port Authority
Statement of Cash Flows
For the year ended 30 June, 2016

Particulars	Amount(TK.)	
	30 June, 2016	30 June, 2015
<u>A. CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Profit / (Loss) after tax during the year	(7,025,657)	(9,399,040)
Add Amortization & Depreciation	152,770,083	69,554,592
Decrease / (Increase) in advance, deposits & prepayments	(3,867,955)	(2,982,384)
Decrease / (Increase) Advance Against Land Purchase (Under Capital Approach)	-	(7,173,370)
Increase / (Decrease) in Current portion of Deferred Income	83,568,834	66,110,885
Increase / (Decrease) in Accounts & Other Payable	(16,575)	(100,034)
Increase / (Decrease) in Security Deposit Payable	20,548,027	1,692,524
Increase / (Decrease) in Provisions & Accruals	54,510,650	54,510,650
Net Cash flow from operating activities	191,466,108	172,213,822
<u>B. CASH FLOW FROM INVESTING ACTIVITIES</u>		
Operating Tangible Assets (Under Capital Approach)	(494,847,653)	(347,636,390)
Operating Intangible Assets (Under Capital Approach)	(168,171,952)	(51,000,000)
Operating Tangible Assets	20,298,873)	(4,487,683)
Operating Intangible Assets	-	(15,397,665)
Net cash used by investing activities	(683,318,477)	(411,521,738)
<u>C. CASH FLOW FROM FINANCING ACTIVITIES</u>		
Grant Received from Government (Under Capital Approach)	42,089,185	266,587,990
Transferred to Reserve Fund	10,899,038	4,022,348
Loan from Chittagong Port Authority (CPA)	-	76,576,867
Net cash used by financing activities	52,988,223	347,187,206
Net increase / (decrease) in cash & cash equivalents (A+B+C)	38,864,146)	107,879,290
Add: Opening cash and cash equivalents	108,460,961	581,671
CLOSING CASH & CASH EQUIVALENT	69,596,815	108,460,961


Md. Ruhul Amin
 Assistant Director (Finance)
 Payra Port Authority
 Place: Dhaka.
 Dated:


 Deputy Director (Budget)
S.M. Shahadot Hossain
 Deputy Director (Budget)
 Payra Port Authority


 Member (Admin & Finance)
Commander M Raful Hasain
 (FAS), psc, BN (Retd.)
 Member (Admin & Finance)
 Payra Port Authority



PAYRA PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 JUNE, 2016

1.00 Legal Form of the Authority

The Payra Port Authority was established with the promulgation of the Payra Port Authority Act (Act no. 53 of 2013) a body corporate having perpetual succession and common seal. The Authority is an Autonomous Institution administered by the Ministry of Shipping, Government of Bangladesh. The registered office of the Authority is situated at Kalapara, Patuakhali-8650.

1.02 Nature of the Business Activities

The functions of the Authority are to provide the port services, regulate and control berthing and movement of vessels and navigation within the port at kalapara patuakhali

2.00 Basis of Preparation and Presentation of Financial Statements

Basis of Measurement

These financial statements have been prepared on a going concern basis under historical cost convention.

2.01 Director of Accounts & Finance responsibility Statement

The Payra Port Authority takes the responsibility for the preparation and presentation of these financial statements.

2.02 Going Concern

When preparing the financial statements, management makes an assessment of the authority's ability to continue as a going concern. The authority prepares financial statements on a going concern basis.

2.03 Accrual Basis of Accounting

Payra Port Authority prepares its financial statements, except for cash flow information, using the accrual basis of accounting. When the accrual basis of accounting is used, an entity recognizes items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework.

2.04 Materiality and Aggregation

The authority presents material items separately. Financial Statements is result of processing a large number of transactions or events that are aggregated into classes according to the nature of function. However, the authority does not offset assets and liabilities or income and expenses unless required or permit by IASs or IFRSs.

2.05 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Bangladeshi Taka, which is the Company's functional and presentation currency.

2.06 Use of Estimates and Judgments

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRSs) 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 and disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.



Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

In particular, significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include depreciation, inventory valuation, accruals and provision.

2.07 Statement of compliance:

The elements of financial statements have been measured on "Historical Cost" convention basis, on going concern concept and on accrual basis in accordance with generally accepted accounting principles and practice in Bangladesh in compliance with the Payroll Authority Act 2013, International Financial Reporting Standards (IFRSs) and other relevant laws and regulations applicable in Bangladesh.

2.08 Presentation of Financial Statements

The financial statements are prepared and presented for external users by the organization in accordance with identified financial reporting framework. Presentation has been made in compliance with the requirements of IAS 1 - "Presentation of Financial Statements".

The financial statements comprise of:

- a) A statement of financial position as at 30 June, 2016
- b) A statement of profit or loss and other comprehensive income for the year ended 30 June, 2016
- c) A statement of changes in equity for the year ended 30 June, 2016
- d) A statement of cash flows for the year ended 30 June, 2016
- e) Notes, comprising significant accounting policies and other explanatory information.
- f) Comparative information in respect of the preceding year.

2.09 Offsetting

The company does not offset assets and liabilities or income and expenses, unless required or permitted by IFRS.

2.10 Reporting year:

This Financial statements cover 12 months period from 01 July 2015 to 30 June 2016.

2.11 Comparative Information:

Comparative information has been disclosed of the preceding financial year for all numeric information in the financial statement and also the narrative and descriptive information, wherever it is relevant for understanding of the current period's financial statements. Comparative financial statements have been re-grouped/re-arranged wherever considered necessary to ensure better comparability with the current year.

2.12 Significant Accounting Policies

Accounting policies set out below have been applied consistently to all years presented in these financial statements. Comparative information has been re-arranged wherever considered necessary to conform to the current year's presentation.

Current versus non-current classification

The company presents assets and liabilities in statement of financial position based on current/non current classification.

An asset is current when it is -

- a) expected to be realised or intended to be sold or consumed in normal operating cycle.
- b) expected to be realised within twelve months after the reporting period.
- c) held primarily for the purpose of trading or



d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is -

a) due to be settled within twelve months after the reporting period, or

b) held primarily for the purpose of trading, or

c) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Differed tax assets and liabilities are classified as non-current assets and liabilities.

3.00 Application of International Financial Reporting Standards (IFRSs).

Financial statements of the authority have been prepared in accordance with the International Financial Reporting Standards (IFRSs). The list of applied IFRSs are given below:

SL No	Name of The Accounting Standards	Ref No	Status of Application
1	Presentation of Financial Statements	IAS- 01	applied
2	Statement of Cash Flows	IAS- 07	applied
3	Accounting Policies, Changes in Accounting Estimates and Errors	IAS- 08	applied
4	Events after the Reporting Period	IAS- 10	applied
5	Income Taxes	IAS- 12	N/A
6	Property, Plant and Equipment	IAS- 16	applied
7	Employee Benefits	IAS- 19	N/A
8	Accounting for Government Grants and Disclosure of Government Assistance	IAS- 20	applied
9	The Effects of Changes in Foreign Exchange Rates	IAS- 21	applied
10	Financial Instruments: Presentation	IAS- 32	applied
11	Impairment of Assets	IAS- 36	applied
12	Provisions, Contingent Liabilities and Contingent Assets.	IAS- 37	applied
13	Intangible Assets	IAS- 38	applied
14	Financial Instruments: Disclosures	IFRS-07	applied
15	Financial Instruments	IFRS-09	applied
16	Revenue from Contract with Customers	IFRS-15	applied

These Financial Statements have been prepared under accrual basis of accounting in accordance with International Financial Reporting Standards (IFRSs), Payra Port Authority Act 2013 and other applicable laws and regulations.

3.01 IAS 7: Statement of Cash Flows

Statement of Cash Flows is prepared in accordance with IAS-7 "Statement of Cash Flows" and the cash flows from the operating activities have been presented under indirect method.

3.02 IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

Changes in Accounting Policies

The entity shall change an accounting policy only if the change:

(a) Is required by an IFRS;

(b) Results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

(c) if any standard has been applied during the current year retrospectively.

Changes in Accounting Estimates



A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability or the amount of the periodic consumption of an asset that results from the assessment of the present status of and expected future benefits and obligations associated with assets and liabilities. Change in accounting estimates result from new information or new development and, accordingly, are not corrections of errors and those estimates are based on management judgment.

Errors

The entity corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- a) Restating the comparative amounts for the prior period presented in which the error occurred; or
- b) If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

3.03 IAS 10: Events After the Reporting Period

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- (b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period)

Adjusting Events after the reporting period that provide additional information about the company's position at the statement of financial position date are reflected in the financial statements and events after the reporting period that are not adjusting events are disclosed in the notes when material.

However, there is no adjusting events and material non adjusting events in this financial statements, non disclosure of which would affect the ability of the users of the financial statements to evaluate and make decision.

3.04 IAS 12: Income Taxes

Income Tax Expenses

Income tax expenses comprise of current and deferred tax. Income tax expenses are recognized in the statement of profit or loss account in accordance with the requirement of IAS 12: Income Taxes.

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of previous years as per the provision of Income Tax ordinance 1984 and duly amended by the Finance act time to time. As a "an autonomous organization" the Authority's tax have been calculated by reference of the SRO no: 158-Ain/Income tax/2014. No provision for income tax has been kept since the authority has no taxable income.

3.05 Property, plant and equipment:

3.05.01 Recognition and Measurement

The cost of an item of property, Plant & Equipment (PPE) is recognized as an asset if, and only if:

- it is probable that the future economic benefits will flow to the entity; and
- the cost of the item can be measured reliably.

PPE are measured and stated at cost less accumulated depreciation and accumulated impairment loss, if any, in compliance with the requirement of IAS 16: Property, Plant & Equipment.

3.05.02 Initial Cost

The initial cost of an item of property plant and equipment includes its purchase price, and any directly attributable cost such as import duties, non refundable VAT/Taxes, and any cost to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.



3.05.03 Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future benefit 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 equipments are recognized in profit and loss and other comprehensive income as incurred.

3.05.04 Depreciation

Depreciation is charged on all operating assets with the exception of freehold land and capital works in progress. So as to write off the operating fixed assets over their expected useful life. Reducing balance method of depreciation has been consistently applied and the rates of depreciation have been adopted from Chittagong Port Authority.

Capital Work In Progress

The cost of capital work in progress relating to cost of Capital Expenditure Item unit comprises:

- 1) Its purchase price including import duties
- 2) Any cost directly attributable to bringing the assets to be capable of operating in the manner intended by the Management.
- 3) The directly attributable cost also included cost of testing whether the assets are functioning properly after deducting the net proceeds from selling of trial production (such as samples produced when testing of equipments) as per paragraph 7(e) of IAS 16 property, plant and equipment.
- 4) The cost of capital working progress shall be recognized as property, plant and equipment when it is probable that the economic benefits associated with its intended use will follow to the entity as per paragraph 7 of IAS 16 property, plant and equipment.

3.06 Employee benefit schemes:

No provision has been made for Workers' Profit Participation Fund due to incurring loss during the year.

3.07 Accounting for Government Grants and Disclosure of Government Assistance

A government grant is recognised only when there is reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be received. The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

A grant relating to assets may be presented in one of two ways:

- as deferred income
- by deducting the grant from the asset's carrying amount.

3.08 Foreign Currency Transaction Policy:

The Financial statements are prepared and presented in Bangladesh Currency (BDT), which is the authority's functional currency. All financial information presented has been rounded off to the nearest Taka.

any foreign currency transaction is recorded initially at the rate of exchange prevailing at the date of the transactions. The monetary assets and liabilities, if any denominated in foreign currencies at the reporting date are translated at the applicable rates at that date. Exchange difference arises are charged off as revenue income/expenditure and have been accounted for as non-operating income/(loss) in the income statement with the provisions of IAS 21: The effects of changes in foreign currency

Non-Monetary item that is measured in terms of historical cost in a foreign currency, if any, is translated using the exchange rate at the date of transactions.

3.09 Impairment of Assets:



An impairment test is carried out by the Management at the end of each reporting period to ascertain whether there is any indication that an asset is impaired. If any such indication exists, the impairment loss for an individual asset is measured and recognized in the financial statements in accordance with IAS 36 Impairment of asset.

3.10 IAS 37: Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liabilities

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 entity, or a present obligation that arises from past events but is not recognised because:

- (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets

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 entity.

3.11 IFRS 9: Financial Instruments

A financial instrument is any contract that gives rise to financial assets and liabilities or equity instruments of another entity.

A) Financial Assets

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 and the settlement of which is expected to result in an outflow of economic resources from the entity. The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company's financial liabilities comprise trade and other payables.

i. Trade and other receivables

Trade and other receivables consist of unpaid bills receivable from customers and other parties. Trade and other receivables are recognised initially at original invoice amount and subsequently measured at the remaining amount less expected credit loss at the year end, which is made at the judgment of the management.

ii. Advance, Deposits and Prepayments

Advances are recognized and stated at original invoiced amounts and carried at anticipated realizable values. Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as PPE, inventory etc. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to the statement of profit or loss.

ii. Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



B) 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 and the settlement of which is expected to result in an outflow of economic resources from the entity. The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company's financial liabilities comprise trade and other payables.

i. Trade and other payables

Trade and other payables are recognised when its contractual obligations arising from past events and the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits. Trade and other payables are recognised initially at fair value.

3.12 Revenue Recognition

An entity shall account for a contract with a customer that is within the scope of IFRS - 15 only when all of the following criteria are met

- i) Identify the contract (s) with a customer;
- ii) Identify the performance obligations in the contract;
- iii) Determine the transaction price;
- iv) Allocate the transaction price to the performance obligations in the contracts;
- v) Recognize revenue when (or as) the entity satisfies a performance obligation.

The Payra Port Authority has recognized its revenue as and when services are rendered / upon receipt of paper document after complying the above.

3.13 Other Income Recognition

As per 25th board meeting of Payra Port Authority held on 28 Decemeber, 2016 at liaison office of the authority "Other Income / Non-Operation Income" (mention in note no. # 05: Interest income on FDR & SND A/C by Tk. 8,225,638, License & Renewal Fee Tk. 80,000 and Sale of Tender Schedule by Tk. 2,593,400) has been transferred to Special Reserve for meeting up any emergency situation of Payra Port Authority.



Payra Port Authority
Notes to the Financial Statement
For the year ended 30 June, 2016

Notes No.	Amount in Taka	
	30 June 2016	30 June 2015
04.00 Retained Surplus/(Deficite)		
Opening balance	(10,193,407)	(794,367)
Add / (Less): Net profit / (Loss) for the year	(7,025,657)	(9,399,040)
	<u>(17,219,064)</u>	<u>(10,193,407)</u>
05.00 Special Reserve Fund		
Opening Balance	4,022,348	-
FDR & SND Interest Income	8,225,638	2,764,348
Port Income	-	-
Miscellaneous Income (Note 05.01)	2,673,400	1,258,000
	<u>14,921,386</u>	<u>4,022,348</u>
05.01 Miscellaneous Income		
Sale of Tender Schedule	2,593,400	1,258,000
License & Renewal Fee	80,000	-
	<u>2,673,400</u>	<u>1,258,000</u>
06.00 Deferred Income (Grant Received from Government Under Capital Approach):		
Opening Balance	332,698,875	-
Add: Grant Received from Government	704,583,000	484,700,000
Less: Grant Income (Revenue Expenditure)	(18,672,015)	(32,355,663)
Less: Grant Income Return	(7,492,714)	(53,534,577)
Less: Transfer to Revenue (Under Capital Approach)	(149,678,719)	(66,110,885)
Less: Transfer to Revenue (Depreciation included other assets)	(3,078,534)	-
	<u>858,356,893</u>	<u>332,698,875</u>
06.01 Deferred Income Non-Current:	<u>708,677,175</u>	<u>266,587,990</u>
07.00 Loan from Chattagoram Port Authority (CPA):		
Loan from CTG Port Authority:		
Opening	77,836,296	1,259,429
Add : Addition during the period	-	76,576,867
Add : Interest	-	-
Less: Payment/ Adjustment	-	-
Closing Balance	<u>77,836,296</u>	<u>77,836,296</u>
08.00 Fixed Assets		
08.01 Operating Tangible Assets (Under Capital Approach)	674,767,363	284,725,505
08.02 Operating Intangible Assets (Under Capital Approach)	176,46,161	40,800,000
08.03 Operating Tangible Assets	21,332,017	4,123,509
08.04 Operating Intangible Assets	-	12,318,132
Total Writtdown Value	<u>872,55,540</u>	<u>341,967,146</u>
08.01 Operating Tangible Assets (Under Capital Approach)		
At Cost		
Balance at the beginning of the year	340,636,390	-
Add: Transferred from loan fund	-	340,636,390
Add: Addition during the year	494,847,553	-
Disposal during the year	-	-
Total : (A)	<u>835,484,943</u>	<u>340,636,390</u>
Accumulated depreciation		
Balance at the beginning of the year	55,90,885	-
Addition during the year	104,805,795	55,910,885
Less: Disposal during the year	-	-
Total : (B)	<u>160,716,680</u>	<u>55,910,885</u>
WDV at the year end (A-B)	<u>674,767,363</u>	<u>284,725,505</u>

The details of fixed assets schedule has been shown in Schedule-A



Notes No.

Amount in Taka	
30 June 2016	30 June 2015

08.02 Operating Intangible Assets (Under Capital Approach)

At Cost

Balance at the beginning of the year	51,000,000	-
Add: Transferred from loan fund	15,397,665	-
Add: Addition during the year	168,171,952	51,000,000
Disposal during the year	-	-
Total : (A)	234,569,617	51,000,000

Accumulated depreciation

Balance at the beginning of the year	10,200,000	-
Add: Transferred from loan fund	3,079,533	-
Addition during the year	44,872,923	10,200,000
Less: Disposal during the year	-	-
Total : (B)	58,152,456	10,200,000

WDV at the year end

	176,417,161	40,800,000
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The details of fixed assets schedule has been shown in Schedule -B

08.03 Operating Tangible Assets

At Cost

Balance at the beginning of the year	4,487,683	-
Add: Addition during the year	20,298,873	4,487,683
Less: Transferred to Capital Approach	-	-
Disposal during the year	-	-
Total : (A)	24,786,555	4,487,683

Accumulated depreciation

Balance at the beginning of the year	364,174	-
Addition during the year	3,098,365	364,174
Less: Disposal during the year	-	-
Total : (B)	3,454,538	364,174

WDV at the year end

	21,332,017	4,123,509
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The details of fixed assets schedule has been shown in Schedule-C

08.04 Operating Intangible Assets

At Cost

Balance at the beginning of the year	15,397,665	-
Add: Addition during the year	-	15,397,665
Less: Transferred to Capital Approach	(15,397,665)	-
Disposal during the year	-	-
Total : (A)	-	15,397,665

Accumulated depreciation

Balance at the beginning of the year	3,079,533	-
Add: Addition during the year	-	3,079,533
Less: Transferred to capital fund	(3,079,533)	-
Total : (B)	-	3,079,533

WDV at the year end

	-	12,318,132
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The details of fixed assets schedule has been shown in Schedule-D

09.00 Cash & Cash Equivalents

Cash in Hand	50,855	4,462
Cash at Bank(Note 9.1)	69,545,959	138,456,498
	69,596,815	138,460,961

09.01 Cash at Bank

Current A/C- 4426333034994	(13,105,151)	345,694.91
SND A/C - 4426336000993	39,464,164	48,110,803
FDR A/C- 4426355009256	21,593,473	20,000,000



Notes No.

FDR A/C- 4426355009264
FDR A/C- 4426355009272

Amount in Taka	
30 June 2016	30 June 2015
-	20,000,000
21,593,473	20,000,000
69,545,959	108,456,498

10.00 Advance, Deposits & Prepayments

Alia, Akber and Ruma Parvin	767,943	1,580,000
others	6,499	27,943
Patuakhali District Office (For Land Purpose)	874,440	874,440
DISF Project	2,000,000	-
Palli Bidyut Samity, Patuakhali	2,701,456	-
Imranul Kabir, Advocate, Bangladesh Supreme Court	500,000	500,000
	6,859,339	2,982,384

11.00 Advance Against Land Purchase (Under Capital Approach)

Patuakhali District Office (For Land Purpose)	7,173,370	8,047,810
Less: Fund from CTG Port Loan	-	(874,440)
	7,173,370	7,173,370

12.00 Deferred Income Current:

	149,679,719	66,110,885
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13.00 Accounts & Other Payable

VAT Payable	-	9,750
TDS on Rent	-	6,825
	-	16,575

14.00 Security Deposit Payable

M/s Medisoft IT	14,479	18,479
Invent Technology	46,400	50,265
Payra Development	232,100	110,669
Khar Brothers Shipbuliding Ltd		446,125
Bipul Halder	34,520	34,520
Jahanara Trading Co	1,460,735	742,735
Akhter Furniture	97,745	58,495
M/S Shawapon Hawlader	17,275	17,275
Abdus Samad Khan	212,960	213,960
M/S Poddar Enterprise	1,767,098	
M/S Faria Enterprise	26,798	
M/S Mona Traders	2,747,850	
ABM Water Company	14,914,607	
M/S Caets Ltd	30,500	
The Dhaka Furniture	19,800	
M/S MINDS SHARE	3,500	
M/S Newstare International Co. Ltd.	4,733	
M/S Abdul Ajjij Spite Motors Works	38,000	
ZNI Corporation	59,911	
M/s. Nehal Interior & Eng.	15,500	
M/S. Tecno Hub	48,200	
M/s. Pacific Motors Ltd.	405,000	
M/s. Ashfaqur Rahman	34,840	
	22,240,551	1,692,524

15.00 Provisions & Accruals

Provision for Repair & Maintenance other	-	11,502,500
Survey	-	27,728,150
Aids to Navigation	-	7,180,000
VHF Tower	-	8,100,000



Notes No.

Amount in Taka	
30 June 2016	30 June 2015
-	54,510,650

16.00 Provision for Tax:

No provision for income tax has been kept since the authority has no taxable income.

17.00 Grant Income from Government:

Grant Income (Under Revenue Approach Note : 17.01)	18,672,015	32,355,663
Grant Income (Under Capital Approach) Note : 17.02	152,759,252	66,110,885
	<u>171,431,267</u>	<u>98,466,548</u>

17.01 Grant Income from Government (Under Revenue Approach):

Grant from Government	704,583,000	484,700,000
Less: Capital Expenditure	(55,147,653)	(31,332,410)
Less: Special Program	(439,790,000)	(316,477,350)
Less: Survey	(183,559,618)	(51,000,000)
	<u>26,155,729</u>	<u>85,890,240</u>
Less: Grant Income Return	(7,492,714)	(53,534,577)
Grant Income for Revenue Expenditure	<u>18,672,015</u>	<u>32,355,663</u>

17.02 Grant Income from Government (Under Capital Approach):

Depreciated balance of fixed assets	149,679,719	66,110,885
Depreciated balance included into other fixed assets	3,075,534	-
Total Grant Income	<u>152,759,252</u>	<u>66,110,885</u>

18.00 Office & Administrative Expenses:

Salary & Allowances	3,455,915	1,059,905
Repair & Maintenance(Note 18.01)	4,227,321	23,187,021
Postage & Courier	24,801	9,810
Printing & Stationery	-	198,619
Stamp & Seal	146,121	-
Books & Publications	11,098	15,000
Entertainment	442,208	527,025
Electric Expenses	575,741	167,727
Telephone, Telegram, Teleprinter	3,554	48,906
Telex/ Fax/ Internet	22,700	-
Travelling Expenses	958,289	538,758
Office Rent	3,381,360	2,356,430
Printing & Frame	282,400	-
Supplies Expense	102,837	-
Cleaning Expense	72,500	-
Security Guard	504,742	-
Honorarium/Fee/Remuneration	98,000	944,722
Miscellaneous Expenses	493,067	690,220
Petrol, Oil & Lubricant(POL)	1,002,011	1,030,427
Hiring Charge	2,195,156	3,339,736
Consultancy Fees	914,295	2,153,750
Event Management	-	224,042
Wages	704,150	-
Carriage	8,400	-
Gas & Fuel	165,058	-
Computer accessories	135,419	-
Workers Overtime Allowance	182,511	-
Primary Survey (Feasibility Study Cost)	1,092,500	-
Foreign Tour	1,149,503	-
Amortization & Depreciation (Under Capital Approach)	149,679,719	66,110,885
Amortization & Depreciation (Other Sources)	3,090,365	3,443,707
	<u>175,156,740</u>	<u>106,046,690</u>

18.01 Repair & Maintenance

Repairs & Maintenance Other	2,050,703	21,386,140
Repair & Maintenance Computer & Office Equipment	46,365	117,816
Repair & Maintenance Furniture	22,050	24,960
Repair & Maintenance Office Equipment	-	69,229
Repair & Maintenance	1,748,330	1,588,877
Machinery & Equipment Maintenance	160,873	-
Other Building & Repair & Maintenance	195,000	-
	<u>4,227,321</u>	<u>23,187,021</u>



Payra Port Authority
Kalapara, Patuakhali
Schedule of Property, Plant & Equipment (PPE)

As on 30.06.2016

Sl.no	Particulars	Original Cost			Total cost as on 30.06.16	Rate of Dep.	Depreciation			Written down value as on 30.06.2016
		Balance as on 01.07.2015	Add. During the year	Transferred from Loan Fund			Balance as on 01.07.2015	Charged during the year	Adj. During the year	
1	Land	20,826,630	-	-	20,826,630	0.00%	-	-	-	20,826,630
2	Other Building & Establishment	-	24,989,190	-	24,989,190	7.00%	1,749,243	-	1,749,243	23,239,947
3	VHF Tower	17,107,350	-	-	17,107,350	10.00%	1,539,662	-	3,250,397	13,856,954
4	Electric Establishment	-	-	-	-	14.00%	-	-	-	-
5	Navigational Equipment	299,370,000	239,700,000	-	539,070,000	18.00%	87,333,012	-	141,219,612	397,850,388
6	Office Equipment	1,969,114	485,098	-	2,454,212	9.00%	204,929	-	382,150	2,072,062
7	Water Vehicle	-	-	-	-	7.00%	-	-	-	-
8	Other Assets	-	-	-	-	13.00%	-	-	-	-
9	Computer Equipment	-	499,000	-	499,000	20.00%	99,800	-	99,800	399,200
10	Water Treatment Plant	-	200,000,000	-	200,000,000	5.00%	10,000,000	-	10,000,000	190,000,000
11	Motor Vehicle	-	27,967,208	-	27,967,208	13.00%	3,635,737	-	3,635,737	24,331,471
12	Furniture	1,363,296	1,207,157	-	2,570,453	10.00%	243,412	-	379,742	2,190,711
	Sub Total : (A)	340,636,290	494,847,653	-	835,484,043		104,805,795	-	160,716,680	674,767,363

Sl.no	Particulars	Original Cost			Total cost as on 30.06.16	Rate of Dep.	Depreciation			Written down value as on 30.06.2016
		Balance as on 01.07.2015	Add. During the year	Transferred from Loan Fund			Balance as on 01.07.2015	Charged during the year	Transfer from loan fund	
1	Survey	51,000,000	168,171,952	15,397,665	234,569,617	20%	44,873,923	3,079,533	58,153,456	176,416,161
	Sub Total : (B)	51,000,000	168,171,952	15,397,665	234,569,617		44,873,923	3,079,533	58,153,456	176,416,161

C. Operating Tangible Assets From other source (Loan from CTG)



Sch-C

Sl.no	Particulars	Original Cost			Total cost as on 30.06.16	Rate of Dep.	Depreciation			Written down value as on 30.06.2016
		Balance as on 01.07.2015	Add. During the year	Transferred to Capital Fund			Balance as on 01.07.2015	Charged during the year	Adj. During the year	
1	Land	-	-	-	-	0.00%	-	-	-	-
2	Other Building & Establishment	-	995,573	-	995,573	7.00%	-	69,690	-	69,690
3	VHF Tower	-	-	-	-	10.00%	-	-	-	-
4	Electric Establishment	101,338	18,151,117	-	18,252,455	14.00%	14,187	2,555,357	-	2,567,545
5	Navigational Equipment	-	-	-	-	18.00%	-	-	-	-
6	Office Equipment	15,957	-	-	15,957	9.00%	1,436	1,307	-	2,743
7	Water Vehicle	3,660,000	-	-	3,660,000	7.00%	256,200	238,266	-	494,466
8	Other Assets	710,388	1,072,700	-	1,783,088	13.00%	92,350	219,796	-	312,146
9	Computer Equipment	-	-	-	-	20.00%	-	-	-	-
10	Water Treatment Plant	-	-	-	-	5.00%	-	-	-	-
11	Motor Vehicle	-	-	-	-	13.00%	-	-	-	-
12	Furniture	-	79,483	-	79,483	10.00%	-	7,948	-	7,948
	Sub Total : (C)	4,487,683	20,298,873	-	24,786,555		364,174	3,090,365	-	3,454,538

D. Operating Intangible Assets From other source (Loan from CTG)

Sl.no	Particulars	Original Cost			Total cost as on 30.06.16	Rate of Dep.	Depreciation			Written down value as on 30.06.2016
		Balance as on 01.07.2015	Add. During the year	Transferred to Capital Fund			Balance as on 01.07.2015	Charged during the year	Transferred to Grant Fund	
1	Survey	15,397,665	-	(15,397,665)	-	-	3,079,533	-	(3,079,533)	-
	Sub Total : (D)	15,397,665	-	(15,397,665)	-	-	3,079,533	-	(3,079,533)	-
	Grand Total : (A+B+C+D)	411,521,738	683,318,477	-	1,094,840,215	-	69,554,592	152,770,083	-	222,324,675
										872,515,540

