

# Rangpur Foundry Limited

Auditors' Report and Financial Statements  
as at and for the year ended 30 June 2023

## **S. F. AHMED & CO.**

Chartered Accountants | Since 1958

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Risk	Our response to the risk
<p>The associated disclosure is included within Note-20. For specific detail on the Company's accounting policy, please see Note 3.4.</p>	<p>including evaluating the impact of any material overdue debts from customers.</p> <p>With regard to the implementation of IFRS 15 "Revenue from Contract with Customers", we verified management's conclusion from assessing different types of contracts and the accuracy of the revised accounting policies in light of the industry specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment on a sample basis. In addition, we verified the accuracy of IFRS 15 related disclosures.</p> <p><u>Key observations communicated to the Audit Committee</u></p> <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>
<b><u>Inventory</u></b>	
<p>At the reporting date, the carrying value of inventory amounted to Taka 267,784,393 that is 59.13% of total assets. Inventories were considered as a key audit matter as inventory valuation involves management judgement.</p> <p>Inventory valuation and existence was an audit focus area because of the volume of inventories, and the judgment applied in the valuation of inventory to incorporate inventory shrinkage.</p> <p>According to the Company's accounting policy, inventories are measured at the lower of cost or net realizable value. The Company has specific procedures for identifying risk for obsolete items and measuring inventories at the lower of cost and net realizable value.</p> <p>The associated disclosure is included within Note 6. For specific detail on the Company's accounting policy, please see Note 3.3.</p>	<p><u>Audit procedures performed</u></p> <ul style="list-style-type: none"> <li>• Assessing the compliance of company's accounting policies over inventory with applicable accounting standards.</li> <li>• Assessing the inventory valuation process, practices and tested the effectiveness of the key controls.</li> <li>• Assessing the analyses made by management with respect to slow moving and obsolete stock.</li> <li>• Attending inventory count on 30 June 2023 and reconciling the count results to the inventory listings to test the completeness of data.</li> <li>• Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories.</li> <li>• Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year.</li> <li>• Evaluating the correctness of the valuation of raw materials and packing material as per FIFO method.</li> <li>• Reviewing the calculation of standard labor hours and their regular comparison with actual labor hours of production; and reviewing the process of valuing work-in-progress.</li> </ul> <p><u>Key observations communicated to the Audit Committee</u></p> <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>

