



## **LIBRA INFUSIONS LIMITED**

Note to the financial statements

As at and for the year ended 30 June 2016

### **1. General Information**

#### **1.01 Corporate Information Company Profile**

Libra Pharmaceuticals Limited was incorporated in Bangladesh as a Private Limited Company on 02 February 1976 under the Companies Act, 1913. It was converted into a Public Limited Company in 1994 when it offered its share to the Public with the permission of the Bangladesh Securities and Exchange Commission. Subsequently it was renamed as Libra Infusions Limited on 27 October 1999. The shares of the company are publicly traded on the floors of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

#### **1.02 Head office, Factory and Depot Office**

The Registered Office and Factory are situated at I/7, Mirpur Industrial Estate, Rupnagar, Section-2, Dhaka-1216. The Company is being operated through its Depot / Sales offices located at Dhaka, Mymensingh, Comilla, Sylhet, Noakhali, Chittagong, Faridpur, Barisal, Khulna, Bogra, Rangpur, Rajshahi and Kushtia.

#### **1.03 Nature of Business**

The company owns and operates modern Injectable Intravenous (I.V) Fluids (Saline), Pharmaceutical products and Mineral Water manufacturing factories and it sells life saving products of different quality / grades to Govt, Semi-Govt, Authorities Hospitals, Clinics and Licenses Pharmacies.

### **2. Significant Accounting Policies and basis of preparation of the Financial Statements:**

#### **2.01 Basis of preparation:**

The financial statements have been prepared on the Historical Cost Basis except land and buildings revalued by the Valuer following current cost method.

#### **2.02 Statement on Compliance with Local Laws**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, the Bangladesh Securities & Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable.

#### **2.03 Statement on Compliance of Bangladesh Accounting Standards**

The financial statements have been prepared in accordance with the applicable Bangladesh Accounting Standard (BASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).



## 2.04 Compliance of International/Bangladesh Accounting Standards - (IAS/BAS)

The accounting standards that underpin the policies adopted by the company can be found in the following places of the notes to the financial statements:

BAS		DESCRIPTION	NOTE REFERENCE
BAS	1	: Presentation of Financial Statements	8, 9,29
BAS	2	: Inventories	18
BAS	7	: Cash Flow Statements	28
BAS	8	: Accounting Policies, Changes in Accounting Estimates and Errors	17
BAS	10	: Events after the Balance Sheet Date	31
BAS	12	: Income Taxes	12.2.5
BAS	16	: Property, Plant and Equipment	12.2.1,12.2.3
BAS	18	: Revenue	12.1
BAS	19	: Employee Benefits	12.2.8
BAS	21	: The effects of Changes in Foreign Exchange Rates	13
BAS	24	: Related Party Disclosures	30
BAS	26	: Accounting and reporting by retirement benefit plans	12.2.8
BAS	33	: Earnings Per Share	12.2.10

## 2.05 Presentation of Financial Statements

According to the International Accounting Standard (IAS) -1 as adopted by ICAB as BAS–1 “Presentation of Financial Statements” the complete set of Financial Statements includes the following components -

- (a) Statement of Financial Position as at 30 June 2016;
- (b) Statement of profit or loss and other comprehensive Income for the year ended 30 June 2016;
- (c) Statement of Changes in Equity for the year ended 30 June 2016;
- (d) Statement of Cash Flows for the year ended 30 June 2016; and
- (e) Notes to the Financial Statements as at and for the year ended 30 June 2016.

## 2.06 Structure, Content and Presentation of Financial Statements

Being the general purpose of financial statements, the presentation of these financial statements is in accordance with the guidelines provided by BAS 1: “Presentation of Financial Statements”.

## 2.07 Reporting Period

The financial period of the Company covers one financial year from 1 July 2015 to 30 June 2016.



## 2.08 Accounting Principles and Policies

The accounting principles and policies in respect of material items of financial statements set out below have been applied consistently to all periods presented in these financial statements.

## 2.09 Use of Estimates and Judgments

The preparation of Financial statements in conformity with IFRSs including IASs require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses that require disclosure, during and at the date of the financial statements.

## 2.10 Revenue Recognition Policy

In compliance with the requirements of BAS- 18: "Revenue", revenue receipts from customers against sales is recognized when products are dispatched to customers, that is, when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

Revenue from sales is exclusive of VAT.

## 2.11 Property, Plant and Equipment

### 2.11.1 Recognition and Measurement

This has been stated at cost or revalued amount less accumulated depreciation in compliance with the requirements of IAS 16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

### 2.11.2 Maintenance Activities

The Company incurs maintenance costs for all its major items of property, plant and equipment. Repair and maintenance costs are charged as expenses when incurred.

### 2.11.3 Depreciation on Fixed Assets

Depreciation is provided to amortize the cost of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of BAS -16: Property, Plant and Equipment. Depreciation is provided for the period in use of the assets.

Depreciation is provided at the following rates on reducing balance basis:

Building and Other Construction	1.25%
Plant, Machinery and Equipment	5%
Furniture and Fixtures	6%
Vehicles	10% - 20%
Books & Journal	30%

Depreciation on addition to Fixed Assets of Unit – 1 has been charged for six months averagely and No depreciation has been provided on Unit-2 on during the year 2015 - 2016.



## **2.12 Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, in transit and with banks on current and deposit accounts which are held and available for use by the Company without any restriction. There is insignificant risk of change in value of the same.

## **2.13 Income Tax**

Income tax comprise of current and deferred tax. Income tax is recognized in statement of comprehensive income and accounted for in accordance with the requirements of BAS 12: Income Tax.

### **2.13.1 Current Tax**

Current tax is the expected tax payable for the year, and any adjustment to tax in respect of previous years. The Company qualifies as a “Publicly Traded Company” hence the applicable Tax Rate is 25.00%.

### **2.13.2 Deferred Tax**

Deferred tax has been considered and reflected in the accounts under review. The impact of changes on the account in the deferred tax assets and liabilities has also been recognized in the profit and loss account as per BAS-12 “Income Taxes”.

## **2.14 Employee Benefits**

### **a) Provident Fund:**

The Company has established a contributory provident fund scheme. The fund is wholly administered by a Board of Trustees. No part of the fund is included in the assets of the Company.

### **b) Workers Profit Participation Fund and Welfare Fund:**

The Company makes a regular allocation of 5% on net profit before tax to this fund and payment is made to the workers and staffs as per provision of the companies Profit under Labour (Amendment) Act 2013.

## **2.15 Proposed Dividend**

Proposed dividend is accounted for after approval by the shareholders in the Annual General Meeting.

## **2.16 Earning Per Share (EPS)**

Earning per Share (EPS) is calculated in accordance with Bangladesh Accounting Standard BAS - 33 “Earning Per Share” by dividing the basic earnings by weighted average number of ordinary shares outstanding during the year.

## **2.17 Foreign Currency Transactions**

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date.

The monetary assets and liabilities, if any, denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchanges ruling at that date. Exchange differences are charged off as revenue expenditure in compliance with the provision of BAS 21: The Effects of Changes in Foreign Exchange Rates.



## **2.18 Approval of Financial statements**

The financial statements were approved by the Board of Directors on 27 October 2016.

## **2.19 Reporting Currency**

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the Company's functional currency. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

## **2.20 Comparative Information and Rearrangement Thereof**

Comparative information has been disclosed in respect of the financial year 2014–2015 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Head of accounts and figures for the financial year 2015–2016 including narrative and descriptive information have been re-arranged and regrouped wherever considered necessary to ensure better comparability with the current year.

## **2.21 Risk and Uncertainty for use of Estimates and Judgments**

The preparation of financial statements in conformity with Bangladesh Accounting Standards 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 for contingent assets and liabilities that require disclosure, 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. Any revision of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by BAS 8: "Net Income or Loss for the Period Fundamental Errors and Changes in Accounting Policies".

## **2.22 Inventories**

Inventories are stated at the lower of cost or net realizable value in compliance with the requirements of Para 21 & 25 of BAS-2. The cost is calculated on weighted average method in a consistent manner. Costs comprise of expenditure incurred in the normal course of business in bringing out such inventories to its location and conditions. Where necessary, provision is made for obsolete, slow moving and defective inventories (if any) identified at the time of physical verification of inventories. Cost of work in progress is determined at the basis of cost of materials only.

## **2.23 Board of Directors & Board Meetings**

There are 08 Members in the Board of Directors of the Company, 10 Board meetings were held during the year to transact various business.

## **2.24 Audit Fee**

As per decision taken in the 37<sup>th</sup> Annual General Meeting of the Company held on 27 December 2015 the audit fee of TK. 300,000 has been provided for in the accounts. During the year under audit nothing was paid to the auditors for any other services.



## **2.25 Accrued Expenses and Other Payables**

Liabilities for the goods and services received have been accounted for. Payables are not interest bearing and are stated at their nominal value.

## **2.26 Going Concern**

The Company has adequate resources to continue in operation for the foreseeable future. For this reason the Directors continue to adopt going concern basis in preparing the financial statements.

## **2.27 Financial Instrument**

Non-derivative financial instruments comprise accounts and other receivables, cash and cash equivalents, borrowings and other payables and are shown at transaction cost.

## **2.28 Impairment**

In accordance with the provisions of BAS 36: "Impairment of Assets", the carrying amount of non-financial assets, other than inventories is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized if profit and loss account. No such indication of impairment has been raised till to date.

## **2.29 Accounts Receivable**

Accounts receivable are created at original invoice amount less any provisions are made where there is evidence of a risk of non-payment, taking into account aging, previous experience and general economic conditions. When an accounts receivable is determined to be uncollectible it is written off, firstly against any provision available and then to statement of comprehensive income. Subsequent recoveries of amounts previously provided for are credited to the statement of comprehensive income account.

## **2.30 Provisions**

A provision is recognized on the statement of financial position date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

## **2.31 Statement of Cash Flow**

The Statement of Cash Flow has been prepared in accordance with the requirements of BAS- 7: Cash Flow Statements. The cash generating from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and as the benchmark treatment of BAS-7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

## **2.31 Proposed Dividend**

The amount of proposed dividend has not accounted for but disclosed in the notes to the accounts along with the dividend per share in accordance with the requirements of Para 125 of BAS- 1: Presentation of Financial Statements. Also, the proposed dividend has not been considered as "Liability" in accordance with the requirements of the Para 12 & 13.



### **2.32 Transactions with Related Parties**

There were no transactions with related parties in the normal course of business and on arm's length basis. The information as required by BAS 24.

### **2.33 Events after Reporting Period**

Events after the reporting period those event , favourable and un favourable that occur between the end of the reporting period and the date when the Financial Statements are authorized for issue. Events after reporting period that are not adjusting events are disclosed in the notes when material.

### **2.34 Rearrangement**

During the year, considering the all facts, circumstances and nature of loans (Long, short and term) we presented in aggregately. The breakings of shown below:  
Long term loans of Al-Arafa Islami bank ltd Tk. 307,280,165 (Note no:39) and the same loan of Union capital Ltd. 65,057,913 (Note no: 41) has been represented in totaling Tk. 372,338,078; Current portion of Long term loan of Al-Arafa Islami bank Ltd. Tk. 137,347,378 (Note no: 45) and the same natured loan of Union capital Ltd. Tk. 1,618,980 (Note no: 47) has been represented totaling Tk. 138,966,358. Likewise, the term loan of Al-Arafa Islami bank Ltd Tk. 96,902,384 (Note no: 46) and Premier bank Ltd. 14,385,308 (Note no: 48) has been presented Tk. 111,287,692.

### **2.35 General:**

- a) Figures shown in the accounts have been rounded off to the nearest taka.
- b) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.