

Ref : hp:f.tss 2018

TELEPHONE SHILPA SANGSTHA LIMITED
Tongi, Gazipur, Bangladesh

TELEPHONE SHILPA SANGSTHA LIMITED
AUDITOR'S REPORT AND FINANCIAL STATEMENTS
For the year ended 30 June 2018

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**AUDITOR'S REPORT TO THE SHAREHOLDERS
OF
TELEPHONE SHILPA SANGSTHA LIMITED**

We have audited the accompanying financial statements of **TELEPHONE SHILPA SANGSTHA LIMITED**, which comprise the statement of financial position as at 30 June 2018 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management of **TELEPHONE SHILPA SANGSTHA LIMITED** is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS's), the Companies Act, 1994, and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements, prepared in accordance with International Financial Reporting Standard (IFRS), give a true and fair view of the financial position of **TELEPHONE SHILPA SANGSTHA LIMITED** as at 30 June 2018 and its financial performance and its cash flows for the year then ended and comply with the Companies Act, 1994 and other applicable laws and regulations.

We also report that:

- (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 company so far as it appeared from our examination of those books; and
- (c) the company's 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.

Place: Dhaka, Bangladesh.
Dated: 13 December 2018




K. M. HASAN & CO.
Chartered Accountants

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TELEPHONE SHILPA SANGSTHA LIMITED
Tongi, Gazipur, Bangladesh

TELEPHONE SHILPA SANGSTHA LIMITED
AUDITOR'S REPORT AND FINANCIAL STATEMENTS
For the year ended 30 June 2018

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TELEPHONE SHILPA SANGSTHA LIMITED
STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

ASSETS	Notes	2018 Taka	2017 Taka
Non-current assets			
Property, plant and equipment	3	10,500,110,741	10,509,444,445
Investment in fixed deposits receipts-(FDR)	4	382,624,662	476,975,853
		<u>10,882,735,403</u>	<u>10,986,420,298</u>
Current assets			
Inventories	5	70,116,722	69,443,401
Trade and other receivables	6	174,966,687	22,593,972
Loan, Advance, deposit and prepayments	7	246,111,575	191,317,314
Cash and cash equivalents	8	7,287,252	241,668,673
		<u>498,482,236</u>	<u>525,023,361</u>
Total assets		<u>11,381,217,639</u>	<u>11,511,443,658</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	86,824,000	86,824,000
Share money deposit	10	398	398
Capital reserve	11	1,478,220	1,478,220
General reserve	12	611,967,751	611,967,751
Revaluation Reserve	13	10,132,422,575	10,138,917,572
Retained earnings		21,956,484	15,517,840
		<u>10,854,649,428</u>	<u>10,854,705,781</u>
Current liabilities			
Trade and other payables	14	457,137,773	580,570,755
Contributory Provident Fund		3,443,145	4,160,158
Provision for gratuity	15	25,106,139	36,708,730
Liability for expenses	16	263,255	438,557
Provision for corporate tax	17	40,617,899	34,859,674
		<u>526,568,211</u>	<u>656,737,874</u>
Total equity and liabilities		<u>11,381,217,639</u>	<u>11,511,443,658</u>

The annexed notes form an integral part of these financial statements.

M. Hossain
Secretary

[Signature]
Director

[Signature]
Managing Director

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

Place: Dhaka, Bangladesh.
Dated: 13 December 2018



[Signature]
K.M. HASAN & CO.
Chartered Accountants

TELEPHONE SHILPA SANGSTHA LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2018

	<u>Notes</u>	<u>2018</u> <u>Taka</u>	<u>2017</u> <u>Taka</u>
Sales revenue	18	913,727,157	2,751,327,444
Less: Cost of goods sold	19	908,602,512	2,716,002,061
Gross profit		5,124,645	35,325,383
Less: Administrative expenses	20	45,399,772	53,132,177
Operating Profit / (Loss)		(40,275,127)	(17,806,793)
Add: Non-operating income	21	45,976,999	62,433,108
Net profit / (Loss) before tax		5,701,872	44,626,315
Less: Provision for income tax		5,758,225	15,619,210
Net profit / (Loss) after tax		(56,353)	29,007,104
Add: Other comprehensive income		-	-
Total comprehensive income		(56,353)	29,007,104

The annexed notes form an integral part of these financial statements.

M. Hossain
Secretary

[Signature]
Director

[Signature]
Managing Director

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

Place: Dhaka, Bangladesh.
Dated: 13 December 2018



[Signature]
K.M. HASAN & CO
Chartered Accountants

TELEPHONE SHILPA SANGSTHA LIMITED
STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

Amount in Taka

Particulars	Share capital	Share money deposit	Capital reserve	General reserve	Revaluation reserve	Retained Earnings	Total
Balance as at 01 July 2017	86,824,000	398	1,478,220	611,967,751	10,138,917,572	15,517,840	10,854,705,781
Transferred to retained earnings	-	-	-	-	(6,494,997)	6,494,997	-
Net loss after tax	-	-	-	-	-	(56,353)	(56,353)
Balance as at 30 June 2018	86,824,000	398	1,478,220	611,967,751	10,132,422,575	21,956,484	10,854,649,428

For the year ended 30 June 2017

Amount in Taka

Particulars	Share capital	Share money deposit	Capital reserve	General reserve	Revaluation reserve	Retained Earnings	Total
Balance as at 01 July 2016	86,824,000	398	1,478,220	611,967,751	10,145,985,039	(10,945,718)	10,835,309,690
Prior Year's Adjustment	-	-	-	-	-	(9,611,014)	(9,611,014)
Transferred to retained earnings	-	-	-	-	(7,067,467)	7,067,467	-
Net profit after tax	-	-	-	-	-	29,007,104	29,007,104
Balance as at 30 June 2017	86,824,000	398	1,478,220	611,967,751	10,138,917,572	15,517,840	10,854,705,781

M. Haesain

Secretary

[Signature]

Director

[Signature]

Managing Director

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

Place: Dhaka, Bangladesh.

Dated: 13 December 2018



[Signature]
K.M. HASAN & CO.
Chartered Accountants

TELEPHONE SHILPA SANGSTHA LIMITED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

	<u>2018</u> <u>Taka</u>	<u>2017</u> <u>Taka</u>
A. Cash Flows from Operating Activities		
Collection from customers and others	807,331,441	2,889,170,501
Payment to suppliers and operating expenses	(1,132,931,525)	(2,952,871,720)
Income tax paid	(3,786,253)	(3,665,359)
Net Cash (used in)/Provided from Operating Activities	(329,386,337)	(9,846,591)
B. Cash Flows from Investing Activities		
Purchase of property, plant and equipment's	(653,725)	(1,673,889)
Investment in fixed deposits receipts-(FDR)	(94,351,191)	(44,787,347)
Net Cash used in Investing Activities	(95,004,916)	(46,461,236)
C. Cash Flows from Financing Activities		
Net Cash provided from financing activities	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(234,381,421)	(56,307,827)
Add : Opening cash and cash equivalents	241,668,673	297,976,500
Closing Cash and Cash Equivalents	7,287,252	241,668,673

M. Hossain
Secretary

Arman
Director

emmm
Managing Director

Place: Dhaka, Bangladesh.
Dated: 13 December 2018



TELEPHONE SHILPA SANGSTHA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

1 INTRODUCTION

1.1 Legal form of the company

TELEPHONE SHILPA SANGSTHA LIMITED is a public limited company incorporated in Bangladesh under the Ministry of Posts and Telecommunications.

1.2 Nature of business activities

The principal activities of the company are manufacturing Telephone sets, Telephone exchange, Laptop etc.

1.3 Statement of compliance with laws and regulations

The financial statements have been prepared in compliance with International Financial Reporting Standard (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

1.4 Structure, content and presentation of financial statements

Being the general purpose of financial statements, the presentation of these financial statements are in accordance with the guidelines provided by IAS 1. Presentation of Financial Statements/and the Securities and Exchange rules 1987 requirements.

1.5 Reporting period

The financial statements of the company have been prepared for the period of one year covering from 01 July 2017 to 30 June 2018.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies in respect of material items of financial statements have been set out below:

2.1 Accounting Convention & Basis

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

2.2 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are capitalized at cost of acquisition in compliance with the requirements of IAS 16: Property, Plant and Equipment.

Depreciation on property, plant and equipment

Land & land development Building & other Machineries and Furniture & Fixtures are stated at valuation less accumulated depreciation. Mobile Battery Plant, TSS Digital meter plant and Laptop plant in TSS plant have been shown at cost less accumulated depreciation. In 2015-2016 property, plant & equipment was shown at valuation amount without considering accumulated depreciation. Land & land development, Building & other machineries and Furniture & Fixtures has been revalued Tk.9,955,750,381 at 27.09.2010 by M/S. M.A Fazal & Co. chartered accountants. The depreciation has been charged on reducing balance method as per standard accounting practice. The rates of depreciation charged is stated in Note-3.

Depreciation has been charged during the year on revalued amount. As a results the difference depreciation between revalued and historical cost during the year amount of Taka 6,494,997 has been transferred to retained earnings from revaluation reserve.



2.3 Revenue recognition policy

In compliance with the requirements of IFRS 15: Revenue from contracts with customer, revenue receipts from customers against sales are 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.

2.4 Inventories

Stock of Finished Goods

Stock of Finished Goods have been valued as per IAS - 2.

Stock of Raw Materials

Stock of Raw Materials and Stores and Spares have been valued at actual cost price.

2.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

2.6 Statement of cash flows

The Statement of Cash Flows has been prepared in accordance with the requirements of IAS 7: Cash Flows Statement, under the Direct Method.

2.7 Accrued expense and other payable

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

2.8 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.

2.9 Financial instruments

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

2.10 Contingent Liabilities

There was no contingent liability as on 30 June 2018.

2.11 Capital expenditure commitment

There was no material capital expenditure authorized by the Board and not contracted for the year ended 30 June 2018.

2.12 General

- i) Figures have been rounded off to the nearest Taka.
- ii) Previous year's figures have been rearranged, wherever considered necessary to conform to current year's presentation.





3. PROPERTY, PLANT AND EQUIPMENT (Revaluation model)

Amount in Taka

PARTICULARS	COST			Dep. Rate %	DEPRECIATION			WDV as on 30.06.2018
	Balance as on 01.07.2017	Addition during the year	Balance as on 30.06.2018		Balance as on 01.07.2017	Charged during the year	Balance as on 30.06.2018	
LAND & LAND DEVELOPMENT								
Factory Area	4,882,400,000	-	4,882,400,000	0%	-	-	-	4,882,400,000
Residential Area								
Aauchpara	1,351,303,747	-	1,351,303,747	0%	-	-	-	1,351,303,747
Utara	4,134,510,000	-	4,134,510,000	0%	-	-	-	4,134,510,000
	10,368,213,747	-	10,368,213,747		-	-	-	10,368,213,747
BUILDING CONSTRUCTION								
Roads & Walls	14,530,040	305,073	14,835,113	5%	4,344,449	524,533	4,868,982	9,966,131
Sewerage & Drains	4,515,099	-	4,515,099	5%	1,506,150	150,447	1,656,597	2,858,502
Factory Building	82,560,356	-	82,560,356	5%	27,069,375	2,774,549	29,843,924	52,716,432
Bonded Warehouse	1,219,226	-	1,219,226	5%	410,365	40,443	450,808	768,418
Residential Building	16,495,000	-	16,495,000	5%	5,551,880	547,156	6,099,036	10,395,964
Prayer Hall	3,600,000	-	3,600,000	5%	1,211,687	119,416	1,331,102	2,268,898
Factory Elec. Installation	18,314,177	-	18,314,177	5%	6,130,134	609,202	6,739,337	11,574,840
	141,233,898	305,073	141,538,971		46,224,041	4,765,746	50,989,786	90,549,185
PLANT, MACHINERY & EQUIPMENT								
Production Machinery	4,673,116	-	4,673,116	18%	3,717,865	171,945	3,889,810	783,306
TSS PLANT								
Mobile Battery Plant	15,506,203	-	15,506,203	10%	8,089,634	741,657	8,831,291	6,674,912
TSS Digital Meter Plant	10,533,462	-	10,533,462	10%	5,495,340	503,812	5,999,152	4,534,310
Laptop-Plant	38,900,990	-	38,900,990	10%	20,294,767	1,860,622	22,155,389	16,745,601
	64,940,655	-	64,940,655		33,879,741	3,106,091	36,985,832	27,954,823
TOOLS, EQUIPMENT & MOULDS								
Special Tools *	6,784,302	-	6,784,302	15%	4,935,643	277,299	5,212,942	1,571,360
Testing Equipment	948,829	-	948,829	15%	690,282	38,782	729,064	219,765
Moulds	14,714	-	14,714	30%	13,866	254	14,120	594
Drawing Equipment	8,687	-	8,687	15%	6,320	355	6,675	2,012
Gen. Machinery Equipment	69,335	216,349	285,684	15%	50,265	35,313	85,578	200,106
Work Shop Equipment	81,001	-	81,001	15%	58,929	3,311	62,240	18,761
Equipment of PSTN Plant	10,820,390	-	10,820,390	10%	5,069,991	575,040	5,645,031	5,175,359
	18,727,258	216,349	18,943,607		10,825,295	930,354	11,755,650	7,187,957

Amount in Taka

Particulars	COST			Dep. Rate %	DEPRECIATION			WDV as on 30.06.2018
	Balance as on 01.07.2017	Addition during the year	Balance as on 30.06.2018		Balance as on 01.07.2017	Charged during the year	Balance as on 30.06.2018	
Motor Vehicles	12,661,741	-	12,661,741	20%	10,423,794	447,589	10,871,384	1,790,357
OFFICE EQUIPMENT								
Office Machinery Equipment	2,562,910	-	2,562,910	15%	1,793,306	115,441	1,908,746	654,164
Computer	3,180,245	-	3,180,245	15%	2,244,057	140,428	2,384,485	795,760
	5,743,155	-	5,743,155		4,037,363	255,869	4,293,231	1,449,924
FURNITURE & FIXTURES								
Office Furniture	1,446,601	98,618	1,545,219	10%	798,401	74,682	873,083	672,136
Residential Furniture	192,661	-	192,661	10%	109,727	8,293	118,021	74,640
Electric Fans	117,927	-	117,927	10%	66,859	5,107	71,966	45,961
Air Conditioner	3,059,935	-	3,059,935	15%	1,922,782	170,573	2,093,355	966,580
Canteen Equipment	57,810	-	57,810	15%	36,230	3,237	39,467	18,343
Residential Elect. Equipment	77,714	33,685	111,399	15%	56,538	8,229	64,767	46,632
Gas Installation	121,272	-	121,272	10%	69,069	5,220	74,289	46,983
Telephone Installation	361,828	-	361,828	10%	203,241	15,859	219,099	142,729
Fire Fighting Equipment	226,012	-	226,012	10%	106,921	11,909	118,830	107,182
Lift	154,623	-	154,623	10%	88,063	6,656	94,719	59,904
Supply Box	1,183	-	1,183	20%	984	40	1,024	159
Medical Appliances	413	-	413	15%	301	17	318	95
Books	252	-	252	10%	143	11	154	98
	5,818,231	132,303	5,950,534		3,459,259	309,833	3,769,092	2,181,443
Total 2017-2018	10,622,011,801	653,725	10,622,665,526		112,567,358	9,987,427	122,554,786	10,500,110,741
Total 2016-2017	10,620,337,912	1,673,889	10,622,011,801		101,687,332	10,880,025	112,567,358	10,509,444,445

Allocation of depreciation:

Factory Overhead
Administrative Expenses

	2017-2018	2016-2017
	6,991,199	7,616,018
	2,996,228	3,264,008
	<u>9,987,427</u>	<u>10,880,025</u>



