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TELEPHONE SHILPA SANGSTHA LIMITED
Tongi, Gazipur, Bangladesh

TELEPHONE SHILPA SANGSTHA LIMITED
AUDITORS' REPORT AND FINANCIAL STATEMENTS
For the year ended 30 June 2014

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**AUDITORS' 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 2014 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 Bangladesh Financial Reporting Standards (BFRS'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 Bangladesh Standards on Auditing. 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 the auditor's 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, the auditor considers 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 give a true and fair view of the financial position of **TELEPHONE SHILPA SANGSTHA LIMITED** as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS's) and comply with the relevant requirements of the Companies Act, 1994, and other applicable laws and regulations.

We also report that:

- 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;
- 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
- 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

Dated: 27 October 2015



K. M. Hasan
K. M. HASAN & CO.
Chartered Accountants

TELEPHONE SHILPA SANGSTHA LIMITED
STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

ASSETS	Notes	2014 Taka	2013 Taka
Non-current assets			
Property, plant and equipment	3	10,555,157,550	10,555,147,194
Investment in TSS new plant	4	66,340,655	66,340,655
Investment in fixed deposits	5	338,065,156	244,134,806
		10,959,563,361	10,865,622,655
Current assets			
Inventories	6	232,665,042	375,172,448
Trade and other receivables	7	34,107,581	26,537,768
Advance, deposits and prepayments	8	266,234,734	264,467,626
Cash and cash equivalents	9	52,124,080	70,079,417
		585,131,437	736,257,259
Total assets		11,544,694,798	11,601,879,914
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	86,824,000	86,824,000
Share money deposit	11	398	398
Capital reserve	12	1,478,220	1,478,220
General reserve fund	13	62,254,315	62,254,315
Revaluation reserve	14	10,201,172,009	10,201,172,009
Depreciation reserve fund	15	596,364,018	585,362,694
Retained earnings (loss)		(58,793,582)	(64,259,482)
		10,889,299,378	10,872,832,154
Current liabilities			
Trade and other payables	16	581,688,733	663,652,082
Contributory Provident Fund		3,861,420	3,959,574
Provision for gratuity		15,342,721	9,459,489
Liabilities for expenses	17	(307,011)	110,235
Provision for corporate tax	18	54,809,557	51,866,380
		655,395,420	729,047,760
Total equity and liabilities		11,544,694,798	11,601,879,914

The annexed notes form an integral part of these financial statements

Rehman
Secretary

[Signature]
Director

bmm
Managing Director

Signed in terms of our separate report of even date annexed

Place: Dhaka
Dated: 27 October 2015

[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 2014

		<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
Sales revenue	19	594,481,446	1,036,017,153
Less: Cost of goods sold	20	<u>589,399,857</u>	<u>994,325,399</u>
Gross profit		5,081,589	41,691,754
Less: Administrative expenses	21	<u>33,579,972</u>	<u>45,731,305</u>
Operating profit/(loss)		(28,498,383)	(4,039,551)
Add: Non-operating income	22	<u>36,907,460</u>	<u>14,814,919</u>
Net profit before tax		8,409,077	10,775,368
Less: Provision for income tax		<u>2,943,177</u>	<u>5,180,086</u>
Net profit after tax		5,465,900	5,595,282
Add: Other comprehensive income		-	-
Total comprehensive income		<u><u>5,465,900</u></u>	<u><u>5,595,282</u></u>

The annexed notes form an integral part of these financial statements

Behman
Secretary

[Signature]
Director

[Signature]
Managing Director

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

Place: Dhaka
Dated: 27 October 2015

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



TELEPHONE SHILPA SANGSTHA LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2014

Amount in Taka

Particulars	Share capital	Share money deposit	Capital reserve	General reserve fund	Revaluation reserve	Depreciation reserve fund	Retained Earnings (loss)	Total
Balance as at 01 July 2013	86,824,000	398	1,478,220	62,254,315	10,201,172,009	585,362,694	(64,259,482)	10,872,832,154
Interest on FDR	-	-	-	-	-	1,307,336	-	1,307,336
Depreciation provided during the year	-	-	-	-	-	9,693,988	-	9,693,988
Net profit after tax	-	-	-	-	-	-	5,465,900	5,465,900
Balance as at 30 June 2014	86,824,000	398	1,478,220	62,254,315	10,201,172,009	596,364,018	(58,793,582)	10,889,299,378

For the year ended 30 June 2014

Particulars	Share capital	Share money deposit	Capital reserve	General reserve fund	Revaluation reserve	Depreciation reserve fund	Retained Earnings (loss)	Total
Balance as at 01 July 2012	86,824,000	398	1,478,220	60,018,157	10,201,172,009	572,669,970	(70,080,964)	10,852,081,790
Interest on FDR	-	-	-	2,236,158	-	2,236,158	-	4,472,316
Depreciation provided during the year	-	-	-	-	-	10,682,766	-	10,682,766
Adjustment during the year	-	-	-	-	-	(226,200)	-	(226,200)
Prior year's adjustment	-	-	-	-	-	-	226,200	226,200
Net profit after tax	-	-	-	-	-	-	5,595,282	5,595,282
Balance as at 30 June 2013	86,824,000	398	1,478,220	62,254,315	10,201,172,009	585,362,694	(64,259,482)	10,872,832,154

Bahman
Secretary

Bahman
Director

Bahman
Managing Director

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

Place: Dhaka
Dated: 27 October 2015

4



K. M. Hasan & Co.
K. M. HASAN & CO.
Chartered Accountants

TELEPHONE SHILPA SANGSTHA LIMITED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2014

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
A Cash Flows from Operating Activities :		
Collection from customers & others	623,819,093	1,065,164,476
Payment to suppliers and operating expenses	(543,004,820)	(1,275,773,608)
Income Tax Paid	(4,828,905)	-
Net Cash Provided / (Used) from Operating Activities	75,985,369	(210,609,132)
B Cash Flows from Investing Activities :		
Purchase of Property, Plant and Equipments	(10,356)	(32,500)
Sale of Property, Plant and Equipment	-	1,508,072
Investment in/Encashment of FDR	(93,930,350)	(193,250)
Received from investment/Investment in new plant	-	399,999
Net Cash (used) /Provided from Investing Activities	(93,940,706)	1,682,321
C Cash Flows from Financing Activities :	-	-
Increase/Decrease in Cash and Cash Equivalents (A+B+C)	(17,955,337)	(208,926,811)
Add : Opening cash and cash equivalents	70,079,417	279,006,228
Closing Cash and Cash Equivalents	52,124,080	70,079,417

Bahman
Secretary

[Signature]
Director

[Signature]
Managing Director

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

Place: Dhaka
Dated: 27 October 2015

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



TELEPHONE SHILPA SANGSTHA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

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 Computer etc.

1.3 Statement of compliance with laws and regulations

The financial statements have been prepared in compliance with the requirements of 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 BAS 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 2013 to 30 June 2014.

1.6 Approval of financial statements

The financial statements were approved by the Board of Directors on 26 October 2015, at 228th Board Meeting.

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 Bangladesh Financial Reporting Standards (BFRSs) 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 BAS 16: Property, Plant and Equipment.

Depreciation on property, plant and equipment

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 calculated on diminishing balance method in order to write off such assets over the estimated useful lives of the assets.



2.3 Revenue recognition policy

In compliance with the requirements of BAS 18: Revenue, 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 BAS 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 2014.

2.11 Capital expenditure commitment

There was no material capital expenditure authorized by the Board and not contracted for the year ended 30 June 2014.

2.12 Events after the reporting period

In compliance with the requirements of BAS 10. Events after the reporting period that provide additional information about the company's position at the reporting date are reflected in the financial statements and events after the balance sheet date that are not adjusting events are disclosed in the notes when material.

2.13 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 EQUIPMENTS

TELEPHONE SHILPA SANGSTHA LIMITED
As at 30 June 2014

Particulars	COST				Dep. Rate %	DEPRECIATION				WDV as on 30.06.2014
	Balance as on 01.07.2013	Addition during the year	Sale/ Adjustment during the year	Balance as on 30.06.2014		Balance as on 01.07.2013	Charged during the year	Sale/ Adjustment	Balance as on 30.06.2014	
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	12,659,714	-	-	12,659,714	5%	2,322,273	516,872	-	2,839,145	9,820,569
Sewerage & Drains	4,504,279	5,400	-	4,509,679	5%	821,184	184,425	-	1,005,609	3,504,070
Factory Building	82,560,356	-	-	82,560,356	5%	14,431,989	3,406,418	-	17,838,407	64,721,949
Bonded Warehouse	1,219,226	-	-	1,219,226	5%	228,159	49,653	-	275,812	943,414
Residential Building	16,495,000	-	-	16,495,000	5%	3,059,720	671,764	-	3,731,484	12,763,516
Prayer Hall	3,600,000	-	-	3,600,000	5%	667,778	146,611	-	814,389	2,785,611
Factory Elec. Installation	18,314,177	-	-	18,314,177	5%	3,355,369	747,940	-	4,103,309	14,210,868
	139,352,752	5,400	-	139,358,152		24,884,472	5,723,683	-	30,608,155	108,749,997
PLANT, MACHINERY & EQUIPMENT										
Production Machinery	4,673,116	-	-	4,673,116	18%	2,560,299	380,307	-	2,940,606	1,732,510
TOOLS, EQUIPMENT & MOULDS										
Special tools	6,784,302	-	-	6,784,302	15%	3,242,854	531,217	-	3,774,071	3,010,231
Testing equipment	948,829	-	-	948,829	15%	453,534	74,294	-	527,828	421,001
Moulds	14,714	-	-	14,714	30%	11,181	1,060	-	12,241	2,473
Drawing equipment	8,687	-	-	8,687	15%	4,152	680	-	4,832	3,855
Gen. Machinery equipment	69,335	-	-	69,335	15%	32,803	5,480	-	38,283	31,052
Work Shop equipment	81,001	-	-	81,001	15%	38,718	6,342	-	45,050	35,941
Equipment of PSTN Plant	10,820,390	-	-	10,820,390	10%	2,055,874	876,452	-	2,932,326	7,888,064
	18,727,258	-	-	18,727,258		5,839,116	1,495,525	-	7,334,641	11,392,617



Amount in Taka

Particulars	COST			Dep. Rate %	DEPRECIATION			WDV as on 30.06.2014	
	Balance as on 01.07.2013	Addition during the year	Sale/ Adjustment during the year		Balance as on 30.06.2014	Charged during the year	Sale/ Adjustment		Balance as on 30.06.2014
Motor Vehicles	12,661,741	-	-	20%	7,198,007	1,092,746	-	8,290,733	4,370,988
OFFICE EQUIPMENT									
Office Machinery Equipment	2,562,910	-	-	15%	1,088,590	221,148	-	1,309,738	1,253,172
Computer	3,142,395	-	-	15%	1,397,478	281,738	-	1,659,216	1,483,179
	5,705,305	-	-		2,486,068	482,886	-	2,958,954	2,736,351
FURNITURE & FIXTURES									
Office furniture	1,446,601	-	-	10%	458,639	98,796	-	557,435	889,166
Residential furniture	192,661	-	-	10%	66,257	12,640	-	78,897	113,764
Electric fans	117,927	-	-	10%	40,090	7,784	-	47,874	70,053
Air conditioner	3,059,935	-	-	15%	881,507	326,764	-	1,208,271	1,851,664
Canteen equipment	52,854	4,956	-	15%	16,469	6,201	-	22,670	35,140
Residential Elect. Equipment	77,714	-	-	15%	37,147	6,085	-	43,232	34,482
Gas Installation	121,272	-	-	10%	41,706	7,957	-	49,663	71,609
Telephone installation	361,828	-	-	10%	120,116	24,171	-	144,287	217,541
Fire Fighting equipment	226,012	-	-	10%	44,498	18,151	-	62,649	163,363
Lift	154,623	-	-	10%	53,175	10,145	-	63,320	91,303
Supply Box	1,183	-	-	20%	698	97	-	795	388
Medical Appliances	413	-	-	15%	198	32	-	230	183
Books	252	-	-	10%	86	17	-	103	149
	5,813,275	4,956	-		1,760,586	518,841	-	2,279,427	3,538,804
Total 2013-2014	10,555,147,194	10,356	-		44,728,548	9,693,988	-	54,422,536	10,500,735,014
Total 2012-2013	10,556,622,766	32,500	1,508,072		34,271,979	10,682,766	226,200	44,728,548	10,510,418,646

4 INVESTMENT IN NEW PLANT

Mobile Battery Plant
TSS-ADMI Digital Meter Plant
Laptop Plant



	2014	2013
Taka	16,906,203	16,906,203
Taka	10,533,462	10,533,462
Taka	38,900,990	38,900,990
Taka	66,340,655	66,340,655

