

Ref : hp.f.tss 2015

**TELEPHONE SHILPA SANGSTHA LIMITED**  
Tongi, Gazipur, Bangladesh

**TELEPHONE SHILPA SANGSTHA LIMITED**  
**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

CONTENTS	Page No
* Auditor's Report	1-2
* Statement of Financial Position	3
* Statement of Profit or Loss and other Comprehensive Income	4
* Statement of Changes in Equity	5
* Statement of Cash Flows	6
* Notes to the Financial Statements	7-19
* Ratio Analysis	20

**K. M. HASAN & CO.**  
**Chartered Accountants**  
Home Town Apartment (8th & 9th Floor)  
87, New Eskaton Road, Dhaka-1000  
Phone : 9351457, 9351504  
Fax : 88-02- 9345792  
Email: kmh\_co@yahoo.com  
Web: www.kmhasan.com

### Opinion

In our opinion except for the above noted facts described in the Basis of Qualified Opinion the financial statements give a true and fair view of the financial position of **TELEPHONE SHILPA SANGSTHA LIMITED** as at 30 June 2015 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:

- (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: 26 June 2016



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



কে. এম. হাসান এন্ড কোং  
**K. M. HASAN & CO.**  
Chartered Accountants

Hometown Apartment (7th, 8th & 9th Floor)  
87, New Eskaton Road, Dhaka-1000  
Phone : 9351457, 9351564, 8358817 Fax  
: 88-02-9345792 E-mail :  
kmh\_co@yahoo.com website:  
www.kmhasan.com



**McMillan Wood**  
**International**  
Professionalism at the forefront

**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 2015 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 (BSA). 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.

**Basis of Qualified Opinion:**

1. Property, plant and equipments are shown in the financial statements at total cost in stead of carrying amount/written down value of property, plant and equipment as per BAS-16.
2. Obsolete inventories are shown in the financial statements amount in tk.4,99,06,412 from year to year which has no physical existence.



**TELEPHONE SHILPA SANGSTHA LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
For the year ended 30 June 2015

		2015	2014
		<u>Taka</u>	<u>Taka</u>
<b>Sales revenue</b>	19	614,466,882	594,481,446
Less: Cost of goods sold	20	<u>594,495,043</u>	<u>589,399,857</u>
<b>Gross profit</b>		<b>19,971,839</b>	<b>5,081,589</b>
Less: Administrative expenses	21	<u>48,581,400</u>	<u>33,579,972</u>
<b>Operating Profit/(loss)</b>		<b>(28,609,561)</b>	<b>(28,498,383)</b>
Add: Non-operating income	22	<u>37,948,136</u>	<u>36,907,460</u>
<b>Net profit before tax</b>		<b>9,338,575</b>	<b>8,409,077</b>
Less: Provision for income tax		<u>3,268,501</u>	<u>2,943,177</u>
<b>Net profit after tax</b>		<b>6,070,074</b>	<b>5,465,900</b>
Add: Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<b>6,070,074</b>	<b>5,465,900</b>

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

*Rahman*  
Secretary

*Hasan*  
Director

*Hasan*  
Managing Director

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

Place: Dhaka, Bangladesh.  
Dated: 26 June 2016



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

**TELEPHONE SHILPA SANGSTHA LIMITED**  
**STATEMENT OF FINANCIAL POSITION**


As at 30 June 2015

ASSETS	Notes	2015 Taka	2014 Taka
<b>Non-current assets</b>			
Property, plant and equipment	3	10,555,221,417	10,555,157,550
Investment in TSS new plant	4	64,940,655	66,340,655
Investment in fixed deposits	5	362,049,474	338,065,156
		10,982,211,546	10,959,563,361
<b>Current assets</b>			
Inventories	6	116,268,834	232,665,042
Trade and other receivables	7	39,921,745	34,107,581
Advance, deposits and prepayments	8	166,047,481	266,234,734
Cash and cash equivalents	9	239,869,063	52,124,080
		562,107,122	585,131,437
<b>Total assets</b>		<b>11,544,318,669</b>	<b>11,544,694,798</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
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	65,935,397	62,254,315
Revaluation reserve	14	10,201,172,009	10,201,172,009
Depreciation reserve fund	15	609,258,799	596,364,018
Retained earnings (loss)		(52,723,508)	(58,793,582)
		10,911,945,315	10,889,299,378
<b>Current liabilities</b>			
Trade and other payables	16	582,044,751	581,688,733
Contributory Provident Fund		3,991,572	3,861,420
Provision for gratuity		24,845,021	15,342,721
Liabilities for expenses	17	6,526,224	(307,011)
Provision for corporate tax	18	14,965,785	54,809,557
		632,373,354	655,395,420
<b>Total equity and liabilities</b>		<b>11,544,318,669</b>	<b>11,544,694,798</b>

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

  
Secretary

  
Director

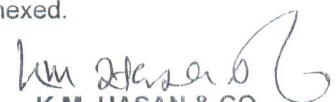
  
Managing Director

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

Place: Dhaka, Bangladesh.  
Dated: 26 June 2016

3



  
K.M. HASAN & CO.  
Chartered Accountants

TELEPHONE SHILPA SANGSTHA LIMITED  
STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

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 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
Interest on FDR	-	-	-	3,681,082	-	4,090,874	-	7,771,956
Depreciation provided during the year	-	-	-	-	-	8,803,907	-	8,803,907
Net profit after tax	-	-	-	-	-	-	6,070,074	6,070,074
<b>Balance as at 30 June 2015</b>	<b>86,824,000</b>	<b>398</b>	<b>1,478,220</b>	<b>65,935,397</b>	<b>10,201,172,009</b>	<b>609,258,799</b>	<b>(52,723,508)</b>	<b>10,911,945,315</b>

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 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
<b>Balance as at 30 June 2014</b>	<b>86,824,000</b>	<b>398</b>	<b>1,478,220</b>	<b>62,254,315</b>	<b>10,201,172,009</b>	<b>596,364,018</b>	<b>(58,793,582)</b>	<b>10,889,299,378</b>

*Babman*

Secretary

*M. Hasan*

Director

*K.M. Hasan*

Managing Director

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

Place: Dhaka, Bangladesh.

Dated: 26 June 2016

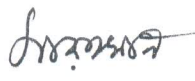


*K.M. Hasan*  
K. M. HASAN & CO.  
Chartered Accountants

**TELEPHONE SHILPA SANGSTHA LIMITED**  
**STATEMENT OF CASH FLOWS**  
For the year ended 30 June 2015

	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
<b>A Cash Flows from Operating Activities :</b>		
Collection from customers & others	646,600,854	623,819,093
Payment to suppliers and operating expenses	430,732,736	543,004,820
Income Tax Paid	5,474,950	4,828,905
<b>Net Cash Provided from Operating Activities</b>	<b>210,393,168</b>	<b>75,985,369</b>
<b>B Cash Flows from Investing Activities :</b>		
Purchase of Property, Plant and Equipments	(63,867)	(10,356)
Sale of Property, Plant and Equipment	-	-
Investment in/Encashment of FDR	(23,984,318)	(93,930,350)
Received from investment/Investment in new plant	1,400,000	-
<b>Net Cash used in Investing Activities</b>	<b>(22,648,185)</b>	<b>(93,940,706)</b>
<b>C Cash Flows from Financing Activities :</b>	-	-
<b>Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>187,744,983</b>	<b>(17,955,337)</b>
Add : Opening cash and cash equivalents	52,124,080	70,079,417
<b>Closing Cash and Cash Equivalents</b>	<b>239,869,063</b>	<b>52,124,080</b>

  
Secretary

  
Director

  
Managing Director

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

Place: Dhaka, Bangladesh.  
Dated: 26 June 2016



  
K. M. HASAN & CO.  
Chartered Accountants

**TELEPHONE SHILPA SANGSTHA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

**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 2014 to 30 June 2015.

**1.6 Approval of financial statements**

The financial statements were approved by the Board of Directors on 26.06.2016, at 235th 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 2015.

### **2.11 Capital expenditure commitment**

There was no material capital expenditure authorized by the Board and not contracted for the year ended 30 June 2015.

### **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.



