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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 2016

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

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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 2016 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 instead 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.



Qualified 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 2016 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, Bangladesh.
Dated: 17 December 2016



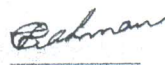
Km Hasan
K. M. HASAN & CO.
Chartered Accountants

TELEPHONE SHILPA SANGSTHA LIMITED
STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

ASSETS	Notes	2016 Taka	2015 Taka
Non-current assets			
Property, plant and equipment	3	10,555,397,257	10,555,221,417
Investment in TSS plant	4	64,940,655	64,940,655
Investment in fixed deposits	5	432,188,506	362,049,474
		11,052,526,418	10,982,211,546
Current assets			
Inventories	6	157,339,151	116,268,834
Trade and other receivables	7	98,003,921	39,921,745
Advances, deposits and prepayments	8	176,794,074	166,047,481
Cash and cash equivalents	9	297,976,500	239,869,063
		730,113,646	562,107,122
Total assets		11,782,640,064	11,544,318,669
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	70,282,847	65,935,397
Revaluation reserve	14	10,201,172,009	10,201,172,009
Depreciation reserve fund	15	622,024,367	609,258,799
Retained earnings (loss)		(44,784,818)	(52,723,508)
		10,936,997,023	10,911,945,315
Current liabilities			
Trade and other payables	16	794,054,539	582,044,751
Contributory Provident Fund		4,875,345	3,991,572
Provision for gratuity		27,418,723	24,845,021
Liability for expenses	17	53,969	6,526,224
Provision for corporate tax	18	19,240,465	14,965,785
		845,643,041	632,373,354
Total equity and liabilities		11,782,640,064	11,544,318,669

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


Secretary

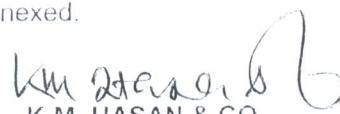

Director


Managing Director

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

Place: Dhaka, Bangladesh.
Dated: 17 December 2016





K.M. HASAN & CO.
Chartered Accountants

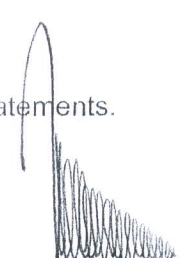
TELEPHONE SHILPA SANGSTHA LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2016

	<u>Notes</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
Sales revenue	19	1,106,663,182	614,466,882
Less: Cost of goods sold	20	<u>1,098,715,890</u>	<u>594,495,043</u>
Gross profit		7,947,292	19,971,839
Less: Administrative expenses	21	<u>35,929,581</u>	<u>48,581,400</u>
Operating Profit/(loss)		(27,982,289)	(28,609,561)
Add: Non-operating income	22	<u>40,195,659</u>	<u>37,948,136</u>
Net profit before tax		12,213,370	9,338,575
Less: Provision for income tax		<u>4,274,680</u>	<u>3,268,501</u>
Net profit after tax		7,938,690	6,070,074
Add: Other comprehensive income		-	-
Total comprehensive income		<u>7,938,690</u>	<u>6,070,074</u>

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: 17 December 2016




K.M. HASAN & CO
Chartered Accountants

TELEPHONE SHILPA SANGSTHA LIMITED
STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

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 2015	86,824,000	398	1,478,220	65,935,397	10,201,172,009	609,258,799	(52,723,508)	10,911,945,315
Addition during the year	-	-	-	4,347,450	-	4,733,209	-	9,080,659
Depreciation provided during the year	-	-	-	-	-	8,032,359	-	8,032,359
Net profit after tax	-	-	-	-	-	-	7,938,690	7,938,690
Balance as at 30 June 2016	86,824,000	398	1,478,220	70,282,847	10,201,172,009	622,024,367	(44,784,818)	10,936,997,023

For the year ended 30 June 2015

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
Balance as at 30 June 2015	86,824,000	398	1,478,220	65,935,397	10,201,172,009	609,258,799	(52,723,508)	10,911,945,315

Bahman

Secretary

[Signature]
Director

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Managing Director

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

Place: Dhaka, Bangladesh.

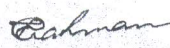
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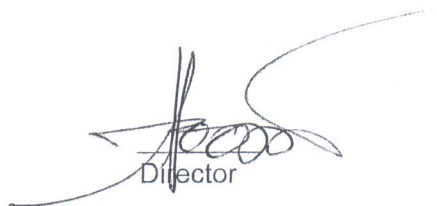


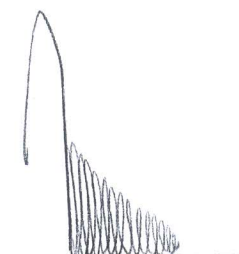
[Signature]
K. M. HASAN & CO.
Chartered Accountants

TELEPHONE SHILPA SANGSTHA LIMITED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	<u>2016</u>	<u>2015</u>
	<u>Taka</u>	<u>Taka</u>
A Cash Flows from Operating Activities		
Collection from customers & others	1,088,776,665	646,600,854
Payment to suppliers and operating expenses	(948,928,987)	(430,732,736)
Income tax paid	(11,425,368)	(5,474,950)
Net Cash Provided from Operating Activities	128,422,309	210,393,168
B Cash Flows from Investing Activities		
Purchase of property, plant and equipments	(175,840)	(63,867)
Investment in/encashment of FDR	(70,139,032)	(23,984,318)
Received from investment/investment in new plant	-	1,400,000
Net Cash used in Investing Activities	(70,314,872)	(22,648,185)
C Cash Flows from Financing Activities	-	-
Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	58,107,437	187,744,983
Add : Opening cash and cash equivalents	239,869,063	52,124,080
Closing Cash and Cash Equivalents	297,976,500	239,869,063


Secretary

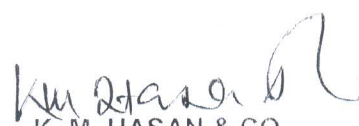

Director


Managing Director

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

Place: Dhaka, Bangladesh.
Dated: 17 December 2016




K. M. HASAN & CO.
Chartered Accountants

TELEPHONE SHILPA SANGSTHA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

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 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 2015 to 30 June 2016.

1.6 Approval of financial statements

The financial statements were approved by the Board of Directors on 17.12.2016, at 242 th 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 2016.

2.11 Capital expenditure commitment

There was no material capital expenditure authorized by the Board and not contracted for the year ended 30 June 2016.

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.



Amount in Taka

3. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST				DEPRECIATION				WDV as on 30.06.2016	
	Balance as on 01.07.2015	Addition during the year	Sale/ Adjustment during the year	Balance as on 30.06.2016	Dep. Rate %	Balance as on 01.07.2015	Charged during the year	Sale/ Adjustment		Balance as on 30.06.2016
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
Uttara	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	12,699,561	156,590	-	12,856,151	5%	3,332,166	476,199	-	3,808,365	9,047,786
Sewerage & Drains	4,515,099	-	-	4,515,099	5%	1,181,084	166,701	-	1,347,784	3,167,315
Factory Building	82,560,356	-	-	82,560,356	5%	21,074,504	3,074,293	-	24,148,797	58,411,559
Bonded Warehouse	1,219,226	-	-	1,219,226	5%	322,982	44,812	-	367,794	851,432
Residential Building	16,495,000	-	-	16,495,000	5%	4,369,660	606,267	-	4,975,927	11,519,073
Prayer Hall	3,600,000	-	-	3,600,000	5%	953,670	132,317	-	1,065,987	2,534,014
Factory Elec. Installation	18,314,177	-	-	18,314,177	5%	4,813,853	675,016	-	5,488,869	12,825,308
	139,403,419	156,590	-	139,560,009		36,047,918	5,175,604	-	41,223,522	88,336,487
PLANT, MACHINERY & EQUIPMENT										
Production Machinery	4,673,116	-	-	4,673,116	18%	3,252,458	255,718	-	3,508,176	1,164,940
TOOLS, EQUIPMENT & MOULDS										
Special Tools	6,784,302	-	-	6,784,302	15%	4,225,605	383,804	-	4,609,409	2,174,893
Testing Equipment	948,829	-	-	948,829	15%	590,978	53,678	-	644,656	304,173
Moulds	14,714	-	-	14,714	30%	12,983	519	-	13,502	1,212
Drawing Equipment	8,687	-	-	8,687	15%	5,410	491	-	5,902	2,785
Gen. Machinery Equipment	69,335	-	-	69,335	15%	42,941	3,959	-	46,900	22,435
Work Shop Equipment	81,001	-	-	81,001	15%	50,452	4,562	-	55,034	25,967
Equipment of PSTN Plant	10,820,390	-	-	10,820,390	10%	3,721,132	709,926	-	4,431,058	6,389,332
	18,727,258	-	-	18,727,258		8,649,501	1,156,950	-	9,805,451	8,920,757



