Singer Bangladesh Limited

Independent auditor's report and financial statements
as at and for the year ended 31 December 2018

A. QASEM & Co.
Chartered Accountants Since 1953

A member firm of
Ernst & Young Global Limited

Building a better working world

A. QASEM & CO.
Chartered Accountants Since 1953

Gulshan Pink City
Suites # 01-03, Level : 7, Plot # 15, Road # 103
Gulshan Avenue, Dhaka - 1212, Bangladesh

Phone: 880-2-8881824-6
Fax : 880-2-8881822
E-mail : aqasem@aqcbd.com

Independent Auditor's Report
To the Shareholders of Singer Bangladesh Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singer Bangladesh Limited (the Company), and the consolidated financial statements of the Company and its subsidiary (the Group) which comprise the statement of financial position as at 31 December 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company and of the Group as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for 2018. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

- **The impact of the initial application of IFRS 15 on the appropriateness of revenue recognition and related disclosures**

  The Company has reported a gross revenue of BDT 13,700.92 million for the year ended 31 December 2018. Gross Revenue includes revenue from sales of goods and services amounting to BDT 13,612.9 million and revenue from earned carrying charges on hire sales amounting to BDT 88.1 million. The subsidiary, International Appliances Limited, has reported a revenue of BDT 2146.1 million which comprises entirely of sales made to Singer Bangladesh Limited. The subsidiary's revenue has been appropriately eliminated from Consolidated Revenue and Cost of Sales. Revenue has been disclosed in note 19 of the financial statements.

This material item is subject to considerable inherent risk due to the complexity of the systems necessary for properly recording and reporting revenue and the multiple sources from which revenue is being recognised. Against this background, the proper application of the accounting standards is considered to be complex and thus subject to careful scrutiny.

How our audit addressed the key audit matter:

Our audit approach included testing of the controls and substantive audit procedures, including:

- Assessing the environment of the measurement as well as other relevant systems supporting the accounting of revenue.
- Assessing manual as well as application controls supporting revenue recognition.
- Assessing the invoicing and measurement systems up to entries in the general ledger.
- Examining customer invoices and receipts of payment on a test basis.
- Testing the revenue charging model against the regulatory guidelines, contractual provisions and accounting standards, on a sample basis.

We obtained reasonable assurance of the appropriateness of the systems, processes, and controls in place and that the estimates and assumptions made by management are sufficiently documented and substantiated to ensure that revenue is properly recognized.

With regard to the impact of the initial application of IFRS 15 from the financial year 2018 onward, we assessed the impact determined after the implementation of the new standard. Our audit approach included, among other items:

- Assessing the design of the processes set up to account for the transactions in accordance with the new standard.
- Assessing whether the guidelines within the standard, specifically with regards to hire sales and related earned carrying charges, have been properly met.
- Assessing whether the sufficiency of disclosures as required by the new standard have been met.
- Assessing whether any adjustments is required to be made to opening balances due to the adoption of the new standard.

- **Related party transactions**

The Company has a number of related party transactions, significant amongst which include procurement of products from its subsidiary, payment of dividends to the parent and rental of premises from a non-controlling interest. The subsidiary's significant related party transactions include procurement of products from a non-controlling interest. Related party transactions are subject to the requirements of IAS 24: Related Party Disclosures. Related party transactions and relationships have been disclosed in note 35 of the financial statements.

How our audit addressed the key audit matter:

We have gained an understanding of the Company's processes and procedures to account for and report related party transactions and relationships.

Our procedures included among others:

- Obtain a full list of the Company and its subsidiary's transactions with such parties, nature and purpose of such transactions and outstanding balances.
- Understand the Company and its subsidiary's process for identifying related parties and disclosing related party transactions.
- Understand the Company and its subsidiary's process for identifying related parties and disclosing related party transactions.
- Inspect supporting documentation to confirm that related party transactions have taken place on an arms' length basis.
- Confirm outstanding balances with external confirmations.
- Assess whether related party relationship exists with parties that have not been disclosed.
- Review whether intercompany balances have been appropriately eliminated in the consolidated financial statements of the Group.
- Review whether related party disclosures comply with the requirements of IAS 24.

Other matter

The financial statements of Singer Bangladesh Limited and of the Group for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 15 March 2018.

Other information included in the Company's 2018 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Financial Statements and our Auditor's Report thereon.

Our opinion on the Financial Statements of the Company and of the Group does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company and the Group, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company and the Group or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Based on the information read and reviewed, we have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company and the Group in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company and the Group, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company and the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

i) 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;
ii) 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 these books;
iii) the 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 and returns; and
iv) the expenditure incurred was for the purposes of the Company's business.

A. Qasem & Co.
Chartered Accountants
Dhaka, 28 February 2019

Singer Bangladesh Limited
Statement of financial position

		Consolidated		Company	
In BDT	**Note**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**
Assets					
Property, plant and equipment	3	**1,411,211,583**	1,424,361,116	**1,051,032,994**	1,046,463,051
Intangible assets	4	**35,472,985**	39,542,064	**35,360,822**	39,542,064
Investments	5	**4,199,450**	4,199,450	**355,987,045**	355,987,045
Deferred tax assets	12	**26,507,800**	18,871,202	**45,639,652**	24,836,206
Deposits and prepayments	6	**337,712,006**	283,998,887	**325,807,679**	272,258,939
Non-current assets		**1,815,103,824**	1,770,972,719	**1,813,828,192**	1,739,087,305
Inventories	7	**3,897,325,730**	2,968,387,371	**3,331,004,600**	2,664,943,659
Trade and other receivables	8	**2,225,136,036**	1,856,060,667	**2,343,454,268**	1,855,636,074
Advances, deposits and prepayments	6	**256,024,530**	237,332,959	**213,772,718**	216,821,832
Current tax assets	18	**98,490,242**	35,896,460	**-**	-
Cash and cash equivalents	9	**194,532,817**	202,934,615	**193,843,156**	202,786,490
Current assets		**6,671,509,355**	5,300,612,072	**6,082,074,742**	4,940,188,055
Total assets		**8,486,613,179**	7,071,584,791	**7,895,902,934**	6,679,275,360
Equity					
Share capital	10	**766,944,910**	766,944,910	**766,944,910**	766,944,910
Reserves	11	**573,075,690**	577,857,676	**573,075,690**	577,857,676
Retained earnings		**971,039,498**	815,464,263	**977,927,706**	839,743,865
Equity attributable to owners of the Company		**2,311,060,098**	2,160,266,849	**2,317,948,306**	2,184,546,451
Non-controlling interest		**66,518,445**	63,164,284	**-**	-
Total equity		**2,377,578,543**	2,223,431,133	**2,317,948,306**	2,184,546,451
Liabilities					
Retirement benefit obligations	13	**-**	3,618,300	**-**	2,174,000
Long term debt	17	**37,150,985**	-	**-**	-
Other liabilities	14	**1,688,064,652**	1,470,774,961	**1,688,064,652**	1,470,774,961
Non-current liabilities		**1,725,215,637**	1,474,393,261	**1,688,064,652**	1,472,948,961
Trade and other payables	15	**1,646,432,946**	1,508,412,542	**1,712,236,302**	1,522,526,822
Short-term borrowings - secured	16	**2,728,664,213**	1,587,039,816	**2,118,835,001**	1,457,644,580
Current tax liabilities	18	**-**	-	**58,818,673**	41,608,546
Short term liability	17	**8,721,840**	278,308,039	**-**	-
Current liabilities		**4,383,818,999**	3,373,760,397	**3,889,889,976**	3,021,779,948
Total equity and liabilities		**8,486,613,179**	7,071,584,791	**7,895,902,934**	6,679,275,360

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

Mohamed Haniffa Mohamed Fairoz
Managing Director

Dr. Syed Ferhat Anwar
Director

Mohammad Sanaullah
Company Secretary

As per our report of same date.

Auditor
A. QASEM & CO.
Chartered Accountants

Dhaka, 28 February 2019

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Singer Bangladesh Limited
Statement of profit or loss and other comprehensive income

		For the year ended 31 December			
		Consolidated		Company	
In BDT	**Note**	**2018**	**2017**	**2018**	**2017**
Sales		**13,612,859,648**	10,967,038,473	**13,612,859,648**	10,967,038,473
Earned carrying charges		**88,064,583**	92,100,854	**88,064,583**	92,100,854
Turnover	*19*	**13,700,924,231**	11,059,139,327	**13,700,924,231**	11,059,139,327
Cost of sales	*20*	**(9,799,164,928)**	(7,940,639,289)	**(9,932,975,652)**	(7,937,421,611)
Gross profit		**3,901,759,303**	3,118,500,038	**3,767,948,579**	3,121,717,716
Operating expenses	*21*	**(2,269,575,658)**	(1,961,971,433)	**(2,239,943,627)**	(1,957,341,233)
Other income/(loss)	*23*	**27,121,059**	28,797,286	**17,767,890**	25,866,707
Operating profit		**1,659,304,704**	1,185,325,891	**1,545,772,842**	1,190,243,190
Finance income		**624,370**	563,183	**624,370**	563,183
Finance costs		**(319,292,407)**	(158,195,568)	**(254,724,883)**	(149,016,850)
Net finance costs	*22*	**(318,668,037)**	(157,632,385)	**(254,100,513)**	(148,453,667)
Share of profit/(loss) of equity-accounted investees, net of tax	*25*	**-**	56,387,751	**-**	56,387,751
Profit before contribution to workers' profit participation fund		**1,340,636,667**	1,084,081,257	**1,291,672,329**	1,098,177,274
Contribution to workers' profit participation fund	*24*	**(65,702,515)**	(56,958,437)	**(64,583,616)**	(54,908,864)
Profit before taxation		**1,274,934,152**	1,027,122,820	**1,227,088,713**	1,043,268,410
Income tax expense	*26*	**(354,035,183)**	(280,975,762)	**(326,935,300)**	(268,158,891)
Profit after tax		**920,898,969**	746,147,058	**900,153,413**	775,109,519
Profit attributable to					
Equity holders of the Company (SBL)		**917,544,807**	750,829,917	**-**	-
Non-controlling interest		**3,354,162**	(4,682,859)	**-**	-
		920,898,969	746,147,058	**-**	-
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit liability	*13.1*	**(2,347,000)**	(4,325,000)	**(2,347,000)**	(4,325,000)
Related tax	*26.1*	**586,750**	1,081,250	**586,750**	1,081,250
		(1,760,250)	(3,243,750)	**(1,760,250)**	(3,243,750)
Total comprehensive income for the year		**919,138,719**	742,903,308	**898,393,163**	771,865,769
Total comprehensive income attributable to:					
Equity holders of the Company (SBL)					
Profit after tax		**917,544,807**	750,829,917	**-**	-
Other comprehensive income		**(1,760,250)**	(3,243,750)	**-**	-
		915,784,557	747,586,167	**-**	-
Non-controlling interest					
Profit after tax		**3,354,162**	(4,682,859)	**-**	-
Other comprehensive income		**-**	-	**-**	-
		3,354,162	(4,682,859)	**-**	-
Total comprehensive income for the year		**919,138,719**	742,903,308	**-**	-
Earnings per share (EPS)	*31*	**11.96**	9.79	**11.74**	10.11

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

Mohamed Haniffa Mohamed Fairoz
Managing Director

Dr. Syed Ferhat Anwar
Director

Mohammad Sanaullah
Company Secretary

As per our report of same date.

Auditor
A. QASEM & CO.
Chartered Accountants

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Dhaka, 28 February 2019

Singer Bangladesh Limited
Statement of changes in equity-consolidated

For the year ended 31 December 2018

	Attributable to owner of the Company								
In BDT	Share capital	Revaluation reserve	Capital reserve	Non-remittable special capital reserves	Non-distributable special reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2017	766,944,910	566,586,093	18,190,942	370,178	232,847	594,705,557	1,947,030,527	-	1,947,030,527
Total comprehensive income									
Profit	-	-	-	-	-	775,109,519	775,109,519	63,164,284	838,273,803
Acquisition of business						(24,279,602)	(24,279,602)	-	(24,279,602)
Other comprehensive income	-	-	-	-	-	(3,243,750)	(3,243,750)	-	(3,243,750)
Total comprehensive income for the year	-	-	-	-	-	747,586,167	747,586,167	63,164,284	810,750,451
Transaction with owners of the Company									
Contributions and distributions									
Dividends:									
Cash dividend - 2017	-	-	-	-	-	(536,861,437)	(536,861,437)	-	(536,861,437)
Total contributions and distributions	-	-	-	-	-	(536,861,437)	(536,861,437)	-	(536,861,437)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	-	-	-	-	2,511,592	2,511,592	-	2,511,592
Transfer of depreciation on revaluation surplus	-	(7,522,384)	-	-	-	7,522,384	-	-	-
	-	(7,522,384)	-	-	-	10,033,976	2,511,592	-	2,511,592
Balance at 31 December 2017	766,944,910	559,063,709	18,190,942	370,178	232,847	815,464,263	2,160,266,849	63,164,284	2,223,431,133
Balance at 1 January 2018	**766,944,910**	**559,063,709**	**18,190,942**	**370,178**	**232,847**	**815,464,263**	**2,160,266,849**	**63,164,284**	**2,223,431,133**
Total comprehensive income									
Profit	-	-	-	-	-	**917,544,807**	**917,544,807**	**3,354,161**	**920,898,968**
Other comprehensive income	-	-	-	-	-	**(1,760,250)**	**(1,760,250)**	-	**(1,760,250)**
Total comprehensive income for the year	-	-	-	-	-	**915,784,557**	**915,784,557**	**3,354,161**	**919,138,718**
Transaction with owners of the Company									
Contributions and distributions									
Dividends:									
Cash dividend - 2017	-	-	-	-	-	**(766,944,910)**	**(766,944,910)**	-	**(766,944,910)**
Total contributions and distributions	-	-	-	-	-	**(766,944,910)**	**(766,944,910)**	-	**(766,944,910)**
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	-	-	-	-	**1,953,602**	**1,953,602**		**1,953,602**
Transfer of depreciation on revaluation surplus	-	**(4,781,986)**	-	-	-	**4,781,986**	-	-	-
	-	**(4,781,986)**	-	-	-	**6,735,588**	**1,953,602**	-	**1,953,602**
Balance at 31 December 2018	**766,944,910**	**554,281,723**	**18,190,942**	**370,178**	**232,847**	**971,039,498**	**2,311,060,098**	**66,518,445**	**2,377,578,543**

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

Mohamed Haniffa Mohamed Fairoz
Managing Director

Dr. Syed Ferhat Anwar
Director

Mohammad Sanaullah
Company Secretary

As per our report of same date.

Auditor

A. QASEM & CO.
Chartered Accountants

A. QASEM & CO. ★ CHARTERED ACCOUNTANTS ★ GULSHAN DHAKA

Dhaka, 28 February 2019

Singer Bangladesh Limited
Statement of changes in equity-company

For the year ended 31 December 2018

In BDT	Share capital	Revaluation reserve	Capital reserve	Non-remittable special capital reserves	Non-distributable special reserves	Retained earnings	Total equity
Balance at 1 January 2017	766,944,910	566,586,093	18,190,942	370,178	232,847	594,705,557	1,947,030,527
Total comprehensive income							
Profit	-	-	-	-	-	775,109,519	775,109,519
Other comprehensive income	-	-	-	-	-	(3,243,750)	(3,243,750)
Total comprehensive income for the year	-	-	-	-	-	771,865,769	771,865,769
Transaction with owners of the Company							
Contributions and distributions							
Dividends:							
Cash dividend - 2016	-	-	-	-	-	(536,861,437)	(536,861,437)
Total contributions and distributions	-	-	-	-	-	(536,861,437)	(536,861,437)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	-	-	-	-	2,511,592	2,511,592
Transfer of depreciation on revaluation surplus	-	(7,522,384)	-	-	-	7,522,384	-
	-	(7,522,384)	-	-	-	10,033,976	2,511,592
Balance at 31 December 2017	766,944,910	559,063,709	18,190,942	370,178	232,847	839,743,865	2,184,546,451
Balance at 1 January 2018	**766,944,910**	**559,063,709**	**18,190,942**	**370,178**	**232,847**	**839,743,865**	**2,184,546,451**
Total comprehensive income							
Profit	-	-	-	-	-	**900,153,413**	**900,153,413**
Other comprehensive income	-	-	-	-	-	**(1,760,250)**	**(1,760,250)**
Total comprehensive income for the year	-	-	-	-	-	**898,393,163**	**898,393,163**
Transaction with owners of the Company							
Contributions and distributions							
Dividends:							
Cash dividend - 2017	-	-	-	-	-	**(766,944,910)**	**(766,944,910)**
Total contributions and distributions	-	-	-	-	-	**(766,944,910)**	**(766,944,910)**
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	-	-	-	-	**1,953,602**	**1,953,602**
Transfer of depreciation on revaluation surplus	-	**(4,781,986)**	-	-	-	**4,781,986**	-
	-	**(4,781,986)**	-	-	-	**6,735,588**	**1,953,602**
Balance at 31 December 2018	**766,944,910**	**554,281,723**	**18,190,942**	**370,178**	**232,847**	**977,927,706**	**2,317,948,306**

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

Mohamed Haniffa Mohamed Fairoz
Managing Director

Dr. Syed Ferhat Anwar
Director

Mohammad Sanaullah
Company Secretary

As per our report of same date.

Auditor

A. QASEM & CO.
Chartered Accountants

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Dhaka, 28 February 2019

Singer Bangladesh Limited
Statement of cash flows

		For the year ended 31 December			
		Consolidated		Company	
In BDT	***Note***	**2018**	**2017**	**2018**	**2017**
Cash flows from operating activities					
Collections from turnover and other income		**15,225,152,372**	10,926,666,976	**15,358,699,740**	10,873,473,157
Payments for costs and expenses		**(14,883,258,933)**	(10,279,047,968)	**(14,677,895,970)**	(10,196,210,966)
Interest paid on borrowings		**(321,027,197)**	(157,161,309)	**(256,600,513)**	(149,913,667)
Payments to workers' profit participation fund		**(63,546,177)**	(41,030,308)	**(54,908,907)**	(41,030,308)
Income tax paid		**(422,084,817)**	(210,365,735)	**(328,347,873)**	(229,981,099)
Net cash from operating activities		**(464,764,752)**	239,061,656	**40,946,477**	256,337,117
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(107,203,261)**	(151,242,639)	**(87,149,225)**	(100,459,858)
Encash in short term/term deposits		**-**	(1,000,000)	**-**	(1,000,000)
Dividend received from CDBL		**1,427,953**	1,427,952	**1,427,953**	1,427,952
Proceeds from sale of property, plant and equipment		**2,014,152**	3,419,692	**2,014,152**	3,419,692
Net cash from/(used in) investing activities		**(103,761,156)**	(147,394,995)	**(83,707,120)**	(96,612,214)
Cash flows from financing activities					
Term loan received		**45,872,825**	-	**-**	-
Dividends paid		**(627,373,112)**	(436,133,800)	**(627,373,112)**	(436,133,800)
Net cash used in financing activities		**(581,500,287)**	(436,133,800)	**(627,373,112)**	(436,133,800)
Net increase/(decrease) in cash		**(1,150,026,195)**	(344,467,139)	**(670,133,755)**	(276,408,897)
Cash and cash equivalents at 1 January		**(1,384,105,201)**	(978,449,193)	**(1,254,858,090)**	(978,449,193)
Acquisition of business		**-**	(61,188,869)	**-**	-
Cash and cash equivalents at 31 December		**(2,534,131,396)**	(1,384,105,201)	**(1,924,991,845)**	**(1,254,858,090)**
Closing cash and cash equivalents have been arrived at as follows:					
Cash and cash equivalents	*9*	**194,532,817**	202,934,615	**193,843,156**	202,786,490
Short-term borrowings - secured (bank overdrafts)	*16*	**(2,728,664,213)**	(1,587,039,816)	**(2,118,835,001)**	(1,457,644,580)
		(2,534,131,396)	(1,384,105,201)	**(1,924,991,845)**	**(1,254,858,090)**

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

Mohamed Haniffa Mohamed Fairoz
Managing Director

Dr. Syed Ferhat Anwar
Director

Mohammad Sanaullah
Company Secretary

As per our report of same date.

Dhaka, 28 February 2019

Auditor

A. QASEM & CO.
Chartered Accountants

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

1 Reporting entity

1.1 Company profile

Singer Bangladesh Limited (the Company) was incorporated in Bangladesh as a private limited Company on 4 September 1979 under Companies Act 1913. It was converted into a public limited Company in 1983 when it offered its shares to the public with the requisite permission from the Government. It has been a direct subsidiary of Retail Holdings Bhold B.V., The Netherlands (formerly Singer Bhold B.V., The Netherlands) since 2003. The shares of the Company are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The address of the registered office of the Company is 39 Dilkusha Commercial Area, Dhaka 1000, Bangladesh.

1.2 Nature of business

Principal activities of the Company throughout the year were manufacturing of panel televisions, air conditioners and furniture and marketing of refrigerators, televisions, air conditioners, furniture, sewing machines, computers, washing machines and other consumer electronics and household appliances. The manufacturing plant of the Company is situated at Rajfulbaria, Jhamur, Savar, Dhaka 1340.

1.3 Description of subsidiary

International Appliances Limited (IAL)

International Appliances Limited (the Company) was incorporated in Bangladesh as a private limited company on 23 December 2014 under Companies Act 1994. It has been an associate of Singer Bangladesh Limited since inception. Singer Bangladesh Limited acquired it as subsidiary on 16 October 2017. The address of the registered office of the Company is Mousa Koulashur, Hemayetpur, Savar, Dhaka, Bangladesh. Principal activities of the Company is manufacturing and selling of refrigerators of different capacities, models and types with a brand of "Singer" for exclusive marketing by Singer Bangladesh Limited. The manufacturing plant of the Company is situated at Mousa Koulashur, Hemayetpur, Savar, Dhaka, Bangladesh.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in compliance with the requirements of the International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, the Companies Act 1994, Bangladesh Securities and Exchange Ordinance 1969, Bangladesh Securities and Exchange Rules 1987, Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable.

Date of authorisation

The board of directors has authorised these financial statements on 28 February 2019.

Details of the Company's accounting policies are included in note 40.

2.2 Going concern

The Company has adequate resources to continue in operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

2.3 Functional and presentational currency

These consolidated financial statements are presented in Bangladesh Taka (BDT/Taka/Tk.), which is both functional and presentational currency of the Company.

2.4 Use of estimates and judgments

The preparation of consolidated financial statements 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and judgments in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in the following notes:

Note 3 Depreciation on property, plant and equipment
Note 7 Inventories
Note 8.3 Provision for doubtful debts
Note 12 Deferred tax assets
Note 15 Trade and other payables
Note 26 Income tax expense

2.5 Operating segments

IFRS 8 defines an operating segment as a component of an entity that engages in revenue earning business activities, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available. In view of the standard, the company has two identified segments namely i. Appliances and ii. Furniture. The furniture segment of the Company does not qualify to be a reportable segment as per the quantitative thresholds of IFRS 8. Therefore, the entity-wide disclosures required by the standard for the only reportable segment i.e. appliances segment are disclosed.

i. Information about products and segments:

Appliances segment includes home appliances, consumer electronics, sewing machines and other appliances. Revenue from external customers from this segment are reported below:

In BDT	**2018**	**2017**
Home appliance	**9,199,658,414**	7,715,020,645
Consumer electronic	**2,703,301,335**	2,157,260,550
Sewing	**486,779,005**	422,107,738
Other	**1,064,292,214**	597,004,509
Appliances segment	**13,454,030,968**	10,891,393,442

ii. Information about geographical areas:

No revenue from foreign countries is earned by the Company. All the revenue from external customers is generated within the geographical area of Bangladesh.

iii. Information about major customers:

The Company has no customer from whom 10 percent or more of total revenue is earned.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

2.6 Initial application of new standards

The Group has initially applied IFRS 15 (see A) and IFRS 9 (see B) from 1 January 2018. These two new standards do not have a material effect on the Group's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

A. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

There was no material impact of adopting IFRS 15 on the Group's statement of financial position as at 31 December 2018 and its statement of profit or loss and OCI for the year ended 31 December 2018 and the statement of cash flows for the year then ended.

For additional information about the Group's accounting policies relating to revenue recognition, see Note 19.

B. IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

There was no material impact of adopting IFRS 9 on the Group's statement of financial position as at 31 December 2018 and its statement of profit or loss and OCI for the year ended 31 December 2018 and the statement of cash flows for the year then ended.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments).

For additional information about the Group's accounting policies relating to financail instruments, see Note 40(H).

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

3 Property, plant and equipment

3.1 Property, plant and equipment-consolidated

See accounting policy in Note 40 (F)

			Building	Leasehold improvements		Plant and		Furniture and	Equipment and	CWIP (Note	
In BDT	Land	Office	Factory	Office	Shops	machinery	Vehicles	fixtures	tools	3.3)	Total
Cost											
Balance at 1 January 2017	561,180,000	74,371,753	219,331,579	16,343,208	409,267,297	67,521,895	107,140,535	20,021,180	174,044,483	8,993,598	1,658,215,528
Acquisition of business	-	-	7,100,209	-	-	356,843,318	2,863,636	3,009,497	9,485,821	5,203,749	384,506,230
Additions	-	4,096,500	3,237,028	85,000	44,726,493	5,182,435	9,535,346	1,672,135	24,739,975	65,517,156	158,792,068
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposals/transfers	-	-	-	-	(7,147,443)	(7,421,390)	(3,648,000)	(1,390,911)	(5,853,946)	(22,194,348)	(47,656,038)
Balance at 31 December 2017	561,180,000	78,468,253	229,668,816	16,428,208	446,846,347	422,126,258	115,891,517	23,311,901	202,416,333	57,520,155	2,153,857,788
Balance at 1 January 2018	**561,180,000**	**78,468,253**	**229,668,816**	**16,428,208**	**446,846,347**	**422,126,258**	**115,891,517**	**23,311,901**	**202,416,333**	**57,520,155**	**2,153,857,788**
Acquisition of business	-	-	-	-	-	-	-	-	-	-	-
Additions	-	**9,074,361**	**1,377,596**	**4,420,081**	**50,950,875**	**63,708,864**	**177,000**	**1,295,735**	**25,469,909**	**10,662,581**	**167,137,002**
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposals/transfers	-	-	-	-	**(9,324,711)**	**(201,308)**	**(1,150,000)**	**(3,477,287)**	**(11,518,333)**	**(63,699,911)**	**(89,371,550)**
Balance at 31 December 2018	**561,180,000**	**87,542,614**	**231,046,412**	**20,848,289**	**488,472,511**	**485,633,814**	**114,918,517**	**21,130,349**	**216,367,909**	**4,482,825**	**2,231,623,240**
Accumulated depreciation											
Balance at 1 January 2017	-	41,459,888	171,548,897	10,803,261	185,020,240	33,066,767	58,338,644	13,183,891	110,713,795	-	624,135,383
Acquisition of business	-	-	1,156,933			44,516,981	119,686	351,829	906,443	-	47,051,872
Depreciation for the year	-	3,666,699	9,910,152	557,536	24,004,313	12,991,642	10,740,533	773,799	15,081,042	-	77,725,716
Adjustment for disposal/transfers	-	-	-	-	(4,672,830)	(5,463,625)	(3,282,946)	(852,041)	(5,144,857)	-	(19,416,299)
Balance at 31 December 2017	-	45,126,587	182,615,982	11,360,797	204,351,723	85,111,765	65,915,917	13,457,478	121,556,423	-	729,496,672
Balance at 1 January 2018	-	**45,126,587**	**182,615,982**	**11,360,797**	**204,351,723**	**85,111,765**	**65,915,917**	**13,457,478**	**121,556,423**	-	**729,496,672**
Acquisition of business	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	**3,939,124**	**8,027,262**	**1,949,244**	**26,695,661**	**40,566,801**	**9,901,893**	**1,083,689**	**17,500,141**	-	**109,663,815**
Adjustment for disposal/transfers	-	-	-	-	**(4,602,893)**	**(199,435)**	**(1,109,538)**	**(2,832,603)**	**(10,004,361)**	-	**(18,748,830)**
Balance at 31 December 2018	-	**49,065,711**	**190,643,244**	**13,310,041**	**226,444,491**	**125,479,131**	**74,708,272**	**11,708,564**	**129,052,203**	-	**820,411,657**
Carrying amounts											
At 1 January 2017	561,180,000	32,911,865	47,782,682	5,539,947	224,247,057	34,455,128	48,801,891	6,837,289	63,330,688	8,993,598	1,034,080,145
At 31 December 2017	561,180,000	33,341,666	47,052,834	5,067,411	242,494,624	337,014,493	49,975,600	9,854,423	80,859,910	57,520,155	1,424,361,116
At 31 December 2018	**561,180,000**	**38,476,903**	**40,403,168**	**7,538,248**	**262,028,020**	**360,154,683**	**40,210,245**	**9,421,785**	**87,315,706**	**4,482,825**	**1,411,211,583**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

3.2 Property, plant and equipment-company

See accounting policy in Note 40 (F)

In BDT	Land	Building		Leasehold improvements		Plant and machinery	Vehicles	Furniture and fixtures	Equipment and tools	CWIP (Note 3.3)	Total
		Office	Factory	Office	Shops						
Cost											
Balance at 1 January 2017	561,180,000	74,371,753	219,331,579	16,343,208	409,267,297	67,521,895	107,140,535	20,021,180	174,044,483	8,993,598	1,658,215,528
Additions	-	4,096,500	668,792	85,000	44,726,493	4,382,436	9,535,346	-	23,733,485	18,751,736	105,979,788
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposals/transfers	-	-	-	-	(7,147,443)	(7,421,390)	(3,648,000)	(1,030,021)	(5,666,596)	(16,990,599)	(41,904,049)
Balance at 31 December 2017	561,180,000	78,468,253	220,000,371	16,428,208	446,846,347	64,482,941	113,027,881	18,991,159	192,111,372	10,754,735	1,722,291,267
Balance at 1 January 2018	**561,180,000**	**78,468,253**	**220,000,371**	**16,428,208**	**446,846,347**	**64,482,941**	**113,027,881**	**18,991,159**	**192,111,372**	**10,754,735**	**1,722,291,267**
Additions	-	**9,074,361**	**1,377,596**	**2,791,417**	**50,950,875**	**2,632,539**	**177,000**	**1,108,235**	**21,518,770**	**9,743,482**	**99,374,275**
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposals/transfers	-	-	-	-	**(9,324,711)**	**(201,308)**	**(1,150,000)**	**(3,332,939)**	**(11,518,333)**	**(16,015,393)**	**(41,542,684)**
Balance at 31 December 2018	**561,180,000**	**87,542,614**	**221,377,967**	**19,219,625**	**488,472,511**	**66,914,172**	**112,054,881**	**16,766,455**	**202,111,809**	**4,482,824**	**1,780,122,858**
Accumulated depreciation											
Balance at 1 January 2017	-	41,459,888	171,548,897	10,803,261	185,020,240	33,066,767	58,338,644	13,183,891	110,713,795	-	624,135,383
Depreciation for the year	-	3,666,699	9,567,700	557,536	24,004,313	7,000,465	10,655,674	679,198	14,890,805	-	71,022,390
Adjustment for disposal/transfers	-	-	-	-	(4,672,830)	(5,463,625)	(3,282,946)	(804,393)	(5,105,763)	-	(19,329,557)
Balance at 31 December 2017	-	45,126,587	181,116,597	11,360,797	204,351,723	34,603,607	65,711,372	13,058,696	120,498,837	-	675,828,216
Balance at 1 January 2018	-	**45,126,587**	**181,116,597**	**11,360,797**	**204,351,723**	**34,603,607**	**65,711,372**	**13,058,696**	**120,498,837**	-	**675,828,216**
Depreciation for the year	-	**3,939,124**	**8,027,262**	**632,870**	**26,695,661**	**6,282,996**	**9,492,802**	**648,133**	**16,277,195**	-	**71,996,043**
Adjustment for disposal/transfers	-	-	-	-	**(4,602,893)**	**(199,435)**	**(1,109,538)**	**(2,818,168)**	**(10,004,361)**	-	**(18,734,395)**
Balance at 31 December 2018	-	**49,065,711**	**189,143,859**	**11,993,667**	**226,444,491**	**40,687,168**	**74,094,636**	**10,888,661**	**126,771,671**	-	**729,089,864**
Carrying amounts											
At 1 January 2017	561,180,000	32,911,865	47,782,682	5,539,947	224,247,057	34,455,128	48,801,891	6,837,289	63,330,688	8,993,598	1,034,080,145
At 31 December 2017	561,180,000	33,341,666	38,883,774	5,067,411	242,494,624	29,879,334	47,316,509	5,932,463	71,612,535	10,754,735	1,046,463,051
At 31 December 2018	**561,180,000**	**38,476,903**	**32,234,108**	**7,225,958**	**262,028,020**	**26,227,004**	**37,960,245**	**5,877,794**	**75,340,138**	**4,482,824**	**1,051,032,994**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

3.3 Capital work in progress (CWIP)

	Consolidated				Company		
In BDT	Leasehold improvements	Machinery	Building	Total	Leasehold improvements	Building	Total
Cost							
Balance at 1 January 2017	5,896,598	-	3,097,000	8,993,598	5,896,598	3,097,000	8,993,598
Acquisition of business	-	-	5,203,749	5,203,749	-	-	-
Additions	15,924,029	46,765,420	2,827,707	65,517,156	15,924,029	2,827,707	18,751,736
Disposals/transfers	(16,990,599)	-	(5,203,749)	(22,194,348)	(16,990,599)	-	(16,990,599)
Balance at 31 December 2017	4,830,028	46,765,420	5,924,707	57,520,155	4,830,028	5,924,707	10,754,735

	Consolidated				Company		
In BDT	Leasehold improvements	Machinery	Building	Total	Leasehold improvements	Building	Total
Cost							
Balance at 1 January 2018	**4,830,028**	**46,765,420**	**5,924,707**	**57,520,155**	**4,830,028**	**5,924,707**	**10,754,735**
Acquisition of business	-	-	-	-	-	-	-
Additions	**4,482,825**	**919,097**	-	**5,401,922**	**4,482,825**	-	**4,482,825**
Disposals/transfers	**(4,830,028)**	**(47,684,517)**	**(5,924,707)**	**(58,439,252)**	**(4,830,028)**	**(5,924,707)**	**(10,754,735)**
Balance at 31 December 2018	**4,482,825**	-	-	**4,482,825**	**4,482,825**	-	**4,482,825**

Allocation of depreciation

		Consolidated		Company	
In BDT	*Note*	2018	2017	2018	2017
Cost of sales	*20*	**53,510,981**	24,743,922	**16,694,616**	18,129,224
Operating expenses	*21*	**55,319,178**	52,981,794	**55,301,427**	52,893,166
		108,830,159	77,725,716	**71,996,043**	71,022,390

4 Intangible assets

	Consolidated		Company	
	Software		Software	
In BDT	**2018**	2017	**2018**	2016
Cost				
Balance at 1 January	**70,415,012**	58,944,432	**70,415,012**	58,944,432
Additions	**3,910,519**	**11,470,580**	**3,790,344**	**11,470,580**
Disposals/transfers	**-**	**-**	**-**	**-**
Balance at 31 December	**74,325,531**	70,415,012	**74,205,356**	70,415,012
Accumulated amortisation				
Balance at 1 January	**30,872,948**	22,911,509	**30,872,948**	22,911,509
Amortisation for the year	**7,979,598**	7,961,439	**7,971,586**	7,961,439
Adjustment for disposal/transfers	**-**	-	**-**	-
Balance at 31 December	**38,852,546**	30,872,948	**38,844,534**	30,872,948

Carrying amounts

	Consolidated		Company	
In BDT	**2018**	2017	**2018**	2017
At 31 December	**35,472,985**	39,542,064	**35,360,822**	39,542,064

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN DHAKA

5 Investments

See accounting policy in Note 40 (M)

In BDT	Note	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Investment in subsidiary	5.1	-	-	**351,787,595**	351,787,595
Investment in term deposit		**2,630,000**	2,630,000	**2,630,000**	2,630,000
Investment in Central Depository Bangladesh Limited (CDBL)		**1,569,450**	1,569,450	**1,569,450**	1,569,450
		4,199,450	4,199,450	**355,987,045**	355,987,045

5.1 Investment in subsidiary

On 16 October 2017, SBL acquired further 3,186,920 shares out of 3,789,653 shares newly issued by IAL. The acquisition of new shares entitled SBL to 83.8319% shareholding in IAL including the 33.8500% call option of Sunman. The new shareholding structure gave SBL the power to direct IAL's relevant activities, the ability to use its power over IAL to affect the amount of SBL's returns and gave SBL the rights to variable returns from its involvement with IAL. Therefore, as per IFRS 10 paragraph 7, SBL obtained the control of IAL and was assessed to be the parent company of IAL from the acquisition date, i.e. 16 October 2017.

SBL's interest in IAL shall reduce to 49.9819% if Sunman exercises its call option within 1 March 2023. The Company shall still preserve its control over IAL without having majority of shareholdings.

The following judgements were made in determining that SBL has obtained control over IAL:

(i) SBL currently holds 83.8319% of total shares;
(ii) Majority of the board members of IAL are employees of SBL; and
(II) IAL can not do any business except for selling its products to SBL without having written approval from SBL.

As IAL was equity accounted investee of SBL so this was a step acquisition as per paragraph 41 of IFRS 3 "an acquirer sometimes obtains control of an acquiree in which it held an equity interest immediately before the acquisition date. This IFRS refers to such a transaction as a business combination achieved in stages, sometimes also referred to as a step acquisition".

The total consideration transferred by Singer Bangladesh Limited for acquisition of such voting interest was BDT 318,692,000. Previously it was reported under share money deposit of IAL. The purchase consideration was measured as per paragraph 37 of IFRS 3 "the consideration transferred in a business combination shall be measured at fair value, which shall be calculated as at the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer".

During capital injection from share money deposit to share capital fair value of the shares of IAL was measured at their cost (face value) as per paragraph 46 (c) of IAS 39 "investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such equity instruments, which shall be measured at cost".

	No. of share	Face value	Amount (BDT)
Acquirer previously held equity	73,843	100	7,384,300
New share capital injected from share money deposit	3,186,920	100	318,692,000
	3,260,763		**326,076,300**

The detail of investment in IAL is given below.

In BDT	Note	2017
Investment in year 2014		4,000,000
Investment in year 2015		182,599,600
Investment in year 2016		139,476,700
		326,076,300
Discount on acquisition	23.1	25,711,295
		351,787,595

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

6 Advances, deposits and prepayments

See accounting policy in Note 40 (H)

In BDT	*Note*	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Employees against expenses		-	5,897,314	-	4,897,314
Advances to others	*6.1*	**42,977,966**	21,002,785	**3,708,933**	6,489,123
Advances		**42,977,966**	26,900,099	**3,708,933**	11,386,437
Security deposits		**25,018,340**	32,957,562	**22,382,393**	19,177,367
Deposits		**25,018,340**	32,957,562	**22,382,393**	19,177,367
Prepayments		**525,740,230**	461,474,185	**513,489,071**	458,516,967
Prepayments		**525,740,230**	461,474,185	**513,489,071**	458,516,967
	6.2	**593,736,536**	521,331,846	**539,580,397**	489,080,771

6.1 Advances to others

In BDT	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
L/C margins, charges and insurance against traded goods	**42,973,272**	20,997,399	**3,704,239**	6,483,737
Postage franking machine	**4,694**	5,386	**4,694**	5,386
	42,977,966	21,002,785	**3,708,933**	6,489,123

6.2

	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Non-current portion of deposits and prepayments	**337,712,006**	283,998,887	**325,807,679**	272,258,939
Current portion of advances, deposits and prepayments	**256,024,530**	237,332,959	**213,772,718**	216,821,832
	593,736,536	521,331,846	**539,580,397**	489,080,771

7 Inventories

See accounting policy in Note 40 (E)

In BDT	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Finished goods	**2,749,609,720**	2,241,450,738	**2,662,853,046**	2,194,355,907
Raw materials	**837,917,926**	187,147,662	**454,137,042**	78,525,895
Goods in transit	**420,490,512**	634,971,415	**324,706,940**	487,244,301
Work in progress	**4,370,374**	-	**4,370,374**	-
	4,012,388,532	3,063,569,815	**3,446,067,402**	2,760,126,103
Provision for inventory obsolescence	**(115,062,802)**	(95,182,444)	**(115,062,802)**	(95,182,444)
	3,897,325,730	2,968,387,371	**3,331,004,600**	2,664,943,659

In view of numerous items of inventories and diversified units of measurement, it is not feasible to disclose quantities against each item.

7.1 Inventories-consolidated

In BDT	2018 SBL	2018 IAL	2018 Total
Finished goods	**2,662,853,046**	**114,438,572**	**2,777,291,618**
Less: Unrealised profit (PURP)	**-**	**(27,681,898)**	**(27,681,898)**
	2,662,853,046	**86,756,674**	**2,749,609,720**
Raw materials	**454,137,042**	**383,780,884**	**837,917,926**
Goods in transit	**324,706,940**	**95,783,572**	**420,490,512**
Work in progress	**4,370,374**	**-**	**4,370,374**
	3,446,067,402	**566,321,130**	**4,012,388,532**
Provision for inventory obsolescence	**(115,062,802)**	**-**	**(115,062,802)**
	3,331,004,600	**566,321,130**	**3,897,325,730**

In view of numerous items of inventories and diversified units of measurement, it is not feasible to disclose quantities against each item.

A. QASEM & CO.
GULSHAN
DHAKA
CHARTERED ACCOUNTANTS

8 Trade and other receivables

See accounting policy in Note 40 (H)

		Consolidated		Company	
In BDT	Note	2018	2017	2018	2017
Trade receivables	8.1	**2,167,789,986**	1,813,516,221	**2,167,789,990**	1,813,516,221
Other receivables	8.2	**57,346,050**	42,544,446	**175,664,278**	42,119,853
		2,225,136,036	1,856,060,667	**2,343,454,268**	1,855,636,074

8.1 Trade receivables

		Consolidated		Company	
In BDT	Note	2018	2017	2018	2017
Hire customer receivable	8.1.1	**2,057,441,574**	1,718,473,785	**2,057,441,574**	1,718,473,785
Trade and dealer receivable	8.1.2	**110,348,412**	95,042,436	**110,348,416**	95,042,436
		2,167,789,986	1,813,516,221	**2,167,789,990**	1,813,516,221

8.1.1 Hire customer receivables

		Consolidated		Company	
In BDT	Note	2018	2017	2018	2017
Hire receivable from customers		**2,381,068,183**	2,014,388,386	**2,381,068,183**	2,014,388,386
Unearned carrying charges		**(292,499,101)**	(269,843,049)	**(292,499,101)**	(269,843,049)
		2,088,569,082	1,744,545,337	**2,088,569,082**	1,744,545,337
Provision for doubtful debts	8.3.1	**(31,127,508)**	(26,071,552)	**(31,127,508)**	(26,071,552)
		2,057,441,574	1,718,473,785	**2,057,441,574**	1,718,473,785

8.1.2 Trade and dealer receivable

		Consolidated		Company	
In BDT	Note	2018	2017	2018	2017
Trade receivable		**85,811,865**	80,463,330	**85,811,869**	80,463,330
Receivable from dealers		**31,001,732**	20,773,859	**31,001,732**	20,773,859
		116,813,597	101,237,189	**116,813,601**	101,237,189
Provision for doubtful debts	8.3.1	**(6,465,185)**	(6,194,753)	**(6,465,185)**	(6,194,753)
		110,348,412	95,042,436	**110,348,416**	95,042,436

8.2 Other receivables

		Consolidated		Company	
In BDT	Note	2018	2017	2018	2017
Receivable from Shop Managers		**17,021,814**	27,430,313	**17,021,814**	27,430,313
Receivable from Singer Asia Limited		**11,452,755**	11,452,755	**11,452,755**	11,452,755
Receivable from employees		**4,796,580**	2,631,675	**4,796,580**	2,631,675
Receivable from others		**39,917,104**	19,075,450	**155,919,282**	18,650,857
Retirement benefit	13	**1,923,446**	-	**4,239,496**	-
		75,111,699	60,590,193	**193,429,927**	60,165,600
Provision for doubtful debts	8.3.1	**(17,765,649)**	(18,045,747)	**(17,765,649)**	(18,045,747)
		57,346,050	42,544,446	**175,664,278**	42,119,853

8.3 Provision for doubtful debts

		Consolidated		Company	
In BDT	Note	2018	2017	2018	2017
Opening balance		**50,312,052**	48,727,109	**50,312,052**	48,727,109
Provision for the year		**29,072,384**	32,811,452	**29,072,384**	32,811,452
		79,384,436	81,538,561	**79,384,436**	81,538,561
Written-off during the year		**(24,026,094)**	(31,226,509)	**(24,026,094)**	(31,226,509)
Closing balance	8.3.1	**55,358,342**	50,312,052	**55,358,342**	50,312,052

8.3.1

		Consolidated		Company	
In BDT	Note	2018	2017	2018	2017
Hire customer receivable	8.1.1	**31,127,508**	26,071,552	**31,127,508**	26,071,552
Trade and dealer receivable	8.1.2	**6,465,185**	6,194,753	**6,465,185**	6,194,753
Other receivable	8.2	**17,765,649**	18,045,747	**17,765,649**	18,045,747
		55,358,342	50,312,052	**55,358,342**	50,312,052

8.4 Ageing of hire receivable from customers

		Consolidated		Company	
In BDT	Note	2018	2017	2018	2017
Due within 3 months		**1,034,915,986**	862,236,498	**1,034,915,986**	862,236,498
Due over 3 months but within 6 months		**803,360,548**	692,472,666	**803,360,548**	692,472,666
Due over 6 months but within 9 months		**408,341,292**	347,627,237	**408,341,292**	347,627,237
Due over 9 months but within 12 months		**125,033,596**	107,446,386	**125,033,596**	107,446,386
Over 12 months		**9,416,761**	4,605,599	**9,416,761**	4,605,599
	8.5	**2,381,068,183**	2,014,388,386	**2,381,068,183**	2,014,388,386

GULSHAN DHAKA CHARTERED ACCOUNTANTS

8.5 Particulars of hire receivable from customers

In BDT	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Secured - considered good:				
Debts due within 6 months	**1,838,276,534**	1,554,709,164	**1,838,276,534**	1,554,709,164
Debts due over 6 months	**511,664,141**	433,607,670	**511,664,141**	433,607,670
	2,349,940,675	1,988,316,834	**2,349,940,675**	1,988,316,834
Secured - considered doubtful:	**31,127,508**	26,071,552	**31,127,508**	26,071,552
i) Aggregate amount due by Managing Director and other Directors of the Company	-	-	-	-
ii) Aggregate amount due by managers and other staffs of the Company	-	-	-	-
iii) Aggregate amount due by associate undertakings	-	-	-	-
iv) Maximum amount of debts due by managers and other staff of the Company	-	-	-	-
	2,381,068,183	2,014,388,386	**2,381,068,183**	2,014,388,386

9 Cash and cash equivalents

See accounting policy in Note 40 (H)

In BDT	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Cash in hand	**530,156**	98,208	**38,060**	33,137
Cash at bank	**173,938,713**	158,502,411	**173,741,148**	158,419,357
Cash in transit	**20,063,948**	44,333,996	**20,063,948**	44,333,996
	194,532,817	202,934,615	**193,843,156**	202,786,490

10 Share capital

See accounting policy in Note 40 (H)

In BDT	2018	2017
Authorised:		
100,000,000 ordinary shares of Taka 10 each	**1,000,000,000**	1,000,000,000
Issued, subscribed and paid up:		
25,670 ordinary shares of Taka 10 each issued for cash	**256,700**	256,700
102,580 ordinary shares of Taka 10 each issued for consideration other than cash	**1,025,800**	1,025,800
76,566,241 ordinary shares of Taka 10 each issued as fully paid-up bonus shares	**765,662,410**	765,662,410
	766,944,910	766,944,910

Shareholding position:	2018 No. of share	2018 Value (BDT)	2017 No. of share	2017 Value (BDT)
Name of shareholder				
Retail Holdings Bhold B.V., The Netherlands	**28,373,941**	**283,739,410**	28,373,941	283,739,410
Retail Holdings Bhold B.V., The Netherlands - non-remittable shares	**15,333,242**	**153,332,420**	15,333,242	153,332,420
Local shareholders	**32,987,308**	**329,873,080**	32,987,308	329,873,080
	76,694,491	**766,944,910**	76,694,491	766,944,910

Beneficial percentage of holdings	2018	2017
Name of shareholder		
Retail Holdings Bhold B.V., The Netherlands	**37.00%**	**37.00%**
Retail Holdings Bhold B.V., The Netherlands - non-remittable shares	**20.00%**	**20.00%**
Local shareholders	**43.00%**	**43.00%**
	100.00%	100.00%

Classification of shareholders by holding:

Shareholding range	Number of shareholders 2018	Number of shareholders 2017	Total holding (%) 2018	Total holding (%) 2017
Less than 500 shares	**6,298**	7,742	**1.29**	1.68
500 to 5,000 shares	**2,469**	3,477	**4.96**	7.07
5,001 to 10,000 shares	**208**	274	**1.99**	2.59
10,001 to 20,000 shares	**116**	142	**2.18**	2.57
20,001 to 30,000 shares	**47**	43	**1.56**	1.42
30,001 to 40,000 shares	**31**	24	**1.43**	1.10
40,001 to 50,000 shares	**18**	11	**1.08**	0.66
50,001 to 100,000 shares	**32**	34	**2.88**	3.49
100,001 to 1,000,000 shares	**49**	33	**18.76**	10.31
Over 1,000,000 shares	**5**	8	**63.87**	69.11
	9,273	11,788	**100.00**	**100.00**

11 Reserves

In BDT	*Note*	2018	2017
Revaluation reserve	*11.1*	**554,281,723**	559,063,709
Capital reserve	*11.2*	**18,190,942**	18,190,942
Non-remittable special capital reserve	*11.3*	**370,178**	370,178
Non-distributable special reserve	*11.4*	**232,847**	232,847
		573,075,690	577,857,676

11.1 Revaluation reserve

The land of the Company was revalued as of 14 December 2016 by independent professional valuers, Asian Surveyors Ltd, following "current cost method", which was also revalued previously in years 2005, 2008, 2010 and 2012. The revaluation of 2016 resulted in a revaluation surplus of Taka 171,922,000. As per IAS 16 "Property, Plant and Equipment", the difference between charge of depreciation on revalued amount and original cost is required to be transferred from revaluation reserve to retained earnings in order to pay dividend from operating profit since charge of depreciation on revalued amount does not effect the cash flow, etc.

The buildings of the Company were revalued along with the lands as of 14 December 2016. As per clause 9 (iii) under Section-A of BSEC notification dated 18 August 2013, upward revaluation of buildings are not allowed having remaining economic life of less than 50% of its total useful life as estimated at construction. Apropos this clause, no upward revaluation was accounted for in the books of Singer Bangladesh Limited for the year ended 31 December 2016.

As per clause 8 of BESC circular # SEC/CMRRCD/2009-193/150/Admin dated 18 August, 2013 "time lag between two valuations for the same class of assets shall not be less than three years; provided that no upward revaluation of an asset shall be made within two years of its acquisition". So in compliance with this notification no revaluation of assets has been made during 2017 and 2018.

11.2 Capital reserve

This represents capital gain on disposal of factory land and building at Chittagong in 2003.

11.3 Non-remittable special capital reserve

This represents profit after tax on sale of certain merchandise which, not being remittable as per directives of Bangladesh Bank, is required to be retained under this reserve.

11.4 Non-distributable special reserve

This special reserve, created vide Bangladesh Bank Circular No. FE 27 dated 3 May 1987, represents 90% of post-tax profit on sale of moveable fixed assets up to 1992. The requirement of continuing to add to this reserve has subsequently been withdrawn.

12 Deferred tax assets

See accounting policy in Note 40 (D)

		Consolidated		Company	
In BDT	*Note*	2018	2017	2018	2017
Opening balance		**18,871,202**	37,391,385	**24,836,206**	37,391,385
Acquisition of business		**-**	6,851,867	**-**	-
		18,871,202	44,243,252	**24,836,206**	37,391,385
Released/(expense) during the year		**6,042,602**	(28,960,762)	**19,209,450**	(16,143,891)
Adjustment on revaluation of PPE		**-**	-	**-**	-
Remeasurement of defined benefit liability		**-**	1,081,250	**-**	1,081,250
Transferred to retained earnings		**1,593,996**	2,507,462	**1,593,996**	2,507,462
		7,636,598	(25,372,050)	**20,803,446**	(12,555,179)
Closing balance	*12.1*	**26,507,800**	18,871,202	**45,639,652**	24,836,206

12.1 Closing balance

		Consolidated		Company	
In BDT	*Note*	2018	2017	2018	2017
Deferred tax assets	*12.1.1*	**105,913,772**	105,969,535	**70,067,739**	60,382,484
Deferred tax liabilities	*12.1.2*	**(79,405,972)**	(87,098,333)	**(24,428,087)**	(35,546,278)
		26,507,800	18,871,202	**45,639,652**	24,836,206

12.1.1 Deferred tax assets

	Consolidated		Company	
In BDT	2018	2017	2018	2017
Provision for gratuity	**810,617**	1,049,005	**-**	543,500
Reserve against inventories	**28,765,700**	23,795,611	**28,765,700**	23,795,611
Reserve for warranty	**28,742,658**	25,916,418	**23,422,658**	22,384,110
Provision for bad debts	**13,839,586**	12,578,013	**13,839,586**	12,578,013
Remeasurement of defined benefit liability	**1,477,500**	1,081,250	**1,477,500**	1,081,250
Unabsorbed depreciation	**29,715,415**	41,549,238	**-**	-
Property, plant and equipment	**2,562,295**	-	**2,562,295**	-
	105,913,772	105,969,535	**70,067,739**	60,382,484

12.1.2 Deferred tax liabilities

	Consolidated		Company	
In BDT	2018	2017	2018	2017
Revaluation of land and building	**(24,428,087)**	(26,725,876)	**(24,428,087)**	(26,725,876)
Property, plant and equipment	**(54,977,885)**	(60,372,457)	**-**	(8,820,402)
	(79,405,972)	(87,098,333)	**(24,428,087)**	(35,546,278)

The amounts of deferred tax assets and liabilities have been netted off as permitted by IAS 12. "*Income taxes*".

13 Retirement benefit obligations

Gratuity

See accounting policy in Note 40 (O)

		Consolidated		Company	
In BDT	*Note*	2018	2017	2018	2017
Opening balance		**3,618,300**	109,618,000	**2,174,000**	109,618,000
Acquisition of business		**-**	1,263,313	**-**	-
		3,618,300	110,881,313	**2,174,000**	109,618,000
Provision for the year		**9,164,749**	18,219,319	**8,293,000**	18,038,332
		12,783,049	129,100,632	**10,467,000**	127,656,332
Payments during the year		**(14,706,495)**	(125,482,332)	**(14,706,496)**	(125,482,332)
Closing balance	*13.1*	**(1,923,446)**	3,618,300	**(4,239,496)**	2,174,000

13.1 Closing balance

	Consolidated		Company	
	2018	2017	2018	2017
Opening balance	**3,618,300**	109,618,000	**2,174,000**	109,618,000
Acquisition of business	**-**	1,263,313	**-**	-
	3,618,300	110,881,313	**2,174,000**	109,618,000
Included in profit or loss				
Current service cost	**12,661,750**	6,221,319	**11,790,000**	6,040,332
Interest expense/(income)	**(5,844,000)**	7,673,000	**(5,844,000)**	7,673,000
	6,817,750	13,894,319	**5,946,000**	13,713,332
Measurements loss/(gain)	**2,347,000**	4,325,000	**2,347,000**	4,325,000
Other				
Contributions paid by the employer	**(14,706,496)**	(112,899,534)	**(14,706,496)**	(112,899,534)
Benefits paid	**-**	(12,582,798)	**-**	(12,582,798)
	(14,706,496)	(125,482,332)	**(14,706,496)**	(125,482,332)
Balance at 31 December	**(1,923,446)**	3,618,300	**(4,239,496)**	2,174,000

The Company (SBL) has been maintaining an unfunded gratuity scheme until 16 October 2017. The company has funded the gratuity obligation based on the approval of Board meeting held on 16 October 2017, and reconstituted the Board of Trustees consisting of four members and became functional based on the approval of the National Board of Revenue (NBR). Accordingly, the company has transferred the required fund to the trust in December 2017.

14 Other liabilities

		Consolidated		Company	
In BDT	*Note*	2018	2017	2018	2017
Non-remittable accounts	*14.1*	**1,408,949,743**	1,255,617,323	**1,408,949,743**	1,255,617,323
Security deposits from branch managers, agents and dealers		**241,638,657**	215,157,638	**241,638,657**	215,157,638
Warranty - long term portion		**37,476,252**	-	**37,476,252**	-
		1,688,064,652	1,470,774,961	**1,688,064,652**	1,470,774,961

14.1 Non-remittable accounts

	Consolidated		Company	
In BDT	2018	2017	2018	2017
Current account	**(78)**	(78)	**(78)**	(78)
Dividend account:				
Opening balance	**1,255,137,411**	1,147,804,717	**1,255,137,411**	1,147,804,717
Dividend for the year	**153,332,420**	107,332,694	**153,332,420**	107,332,694
Closing balance	**1,408,469,831**	1,255,137,411	**1,408,469,831**	1,255,137,411
Capital gain on sale of land	**479,990**	479,990	**479,990**	479,990
	1,408,949,743	1,255,617,323	**1,408,949,743**	1,255,617,323

All the above balances are due to Retail Holdings Bhold B.V., The Netherlands (formerly Singer Bhold B.V., The Netherlands) and are non-remittable as per directive of Bangladesh Bank and will not be eligible for remittance either as dividend or as capital.

As per directive of Bangladesh Bank, the balance of Taka 479,990 against the capital gain on sale of land created in the year 1990, is required to be shown under non-remittable account.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

15 Trade and other payables

See accounting policy in Note 40 (H)

In BDT	Note	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Trade payables	15.1	**369,864,998**	463,027,693	**552,355,511**	586,453,931
Other payables	15.2	**1,276,567,948**	1,045,384,849	**1,159,880,791**	936,072,891
		1,646,432,946	1,508,412,542	**1,712,236,302**	1,522,526,822

15.1 Trade payables

In BDT	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Trade payable	**308,613,920**	425,645,193	**491,104,433**	549,571,431
Freight and carriage and technicians bills payable	**61,251,078**	37,382,500	**61,251,078**	36,882,500
	369,864,998	463,027,693	**552,355,511**	586,453,931

15.2 Other payables

In BDT	Note	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Payable for expenses	15.2.1	**800,218,587**	753,831,351	**775,678,164**	715,134,060
Royalty		**318,072,839**	135,234,085	**280,552,145**	119,174,918
Payable for other finance	15.2.2	**144,186,666**	142,682,209	**89,560,626**	88,126,709
Leasehold improvements against new shops		**14,089,856**	13,637,204	**14,089,856**	13,637,204
		1,276,567,948	1,045,384,849	**1,159,880,791**	936,072,891

15.2.1 Payable for expenses

In BDT	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Advertisement and sales promotion	**209,961,154**	176,927,091	**209,961,154**	176,927,091
Reserve for early closing of hire sales	**294,158,151**	267,178,559	**294,158,151**	267,178,559
Shop rent	**60,671,636**	63,900,612	**60,671,636**	50,349,151
Warranty expenses	**66,914,378**	99,464,541	**56,214,378**	89,372,233
Reserve for allowable loss	**32,142,083**	45,143,000	**32,142,083**	45,143,000
Workers' profit participation and welfare fund allocation	**65,702,516**	63,546,177	**64,583,617**	54,908,907
Provision against duty and freight	**10,458,156**	9,958,156	**9,958,156**	9,958,156
Utilities	**7,962,059**	6,200,000	**5,800,000**	5,000,000
Interest	**6,123,996**	5,233,155	**2,500,000**	1,750,000
Collecting expenses	**8,224,202**	6,879,700	**8,224,202**	6,879,700
Salary and benefits	**26,602,066**	2,813,612	**26,602,066**	2,813,612
Professional and technical fees	**4,420,553**	3,553,097	**3,448,000**	3,520,000
Selling expenses	**862,721**	853,651	**862,721**	853,651
Statutory audit fee	**804,979**	880,000	**552,000**	480,000
Repair & maintenance	**5,209,937**	1,300,000	**-**	-
	800,218,587	753,831,351	**775,678,164**	715,134,060

15.2.2 Payable for other finance

In BDT	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Unclaimed dividend	**33,640,394**	47,401,016	**33,640,394**	47,401,016
VAT payable - realised from customers	**(365,048)**	4,369,604	**(199,719)**	4,369,603
Withholding taxes	**26,280,901**	13,692,465	**25,821,504**	13,678,175
Advance from customers	**6,434,984**	6,300,124	**6,434,984**	6,300,124
Employees provident fund	**-**	(7,523,452)	**-**	(7,933,112)
Security deposits	**250,921**	238,036	**-**	-
Singer Bangladesh Limited	**-**	-	**-**	-
Sunman Corporation Limited	**12,736,817**	-	**-**	-
Jiangsu Sonlu Import and Export Co. Ltd.	**354,675**	45,712,905	**-**	-
Others	**64,853,022**	32,491,511	**23,863,463**	24,310,903
	144,186,666	142,682,209	**89,560,626**	88,126,709

16 Short-term borrowings - secured

See accounting policy in Note 40 (H)

In BDT	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Bank overdrafts	**2,728,664,213**	1,587,039,816	**2,118,835,001**	1,457,644,580
	2,728,664,213	1,587,039,816	**2,118,835,001**	1,457,644,580

Registered hypothecation of inventories, receivables and machineries under pari-passu arrangement with other banks were maintained to obtain bank overdrafts from different banks.

17 Long term debt

Represents long term loan of IAL obtained from Commercial Bank of Ceylon Plc, which will be repaid within six years.

		Consolidated		Company	
In BDT	**Note**	**2018**	**2017**	**2018**	**2017**
Non-current portion of long term liability		**37,150,985**	-	-	-
Current portion of long term liability	*17.1*	**8,721,840**	-	-	-
		45,872,825	-	-	-

17.1 Short term liability

		Consolidated		Company	
In BDT	**Note**	**2018**	**2017**	**2018**	**2017**
Commercial Bank of Ceylon Plc	*17.1*	**8,721,840**	264,254,108	-	-
Dhaka Bank Limited		-	14,053,931	-	-
		8,721,840	278,308,039	-	-

18 Current tax assets/(liabilities)

See accounting policy in Note 40 (D)

		Consolidated		Company	
In BDT	**Note**	**2018**	**2017**	**2018**	**2017**
Advance income tax	*18.1*	**1,119,725,295**	950,708,275	**920,881,202**	845,601,127
Provision for income tax	*18.2*	**(1,021,235,053)**	(914,811,815)	**(979,699,875)**	(887,209,673)
		98,490,242	35,896,460	**(58,818,673)**	(41,608,546)

18.1 Advance income tax

	Consolidated		Company	
In BDT	**2018**	**2017**	**2018**	**2017**
Opening balance	**950,708,275**	776,884,854	**845,601,127**	776,884,854
Acquisition of business	-	105,107,148	-	-
	950,708,275	881,992,002	**845,601,127**	776,884,854
Add: Advance income tax paid during the year	**422,084,818**	229,981,099	**328,347,873**	229,981,099
Adjustment for completion of prior year tax assessment	**(253,067,798)**	(161,264,826)	**(253,067,798)**	(161,264,826)
Closing balance	**1,119,725,295**	950,708,275	**920,881,202**	845,601,127

18.2 Provision for income tax

	Consolidated		Company	
In BDT	**2018**	**2017**	**2018**	**2017**
Opening balance	**914,811,815**	796,459,499	**887,209,673**	796,459,499
Acquisition of business	-	27,602,142	-	-
	914,811,815	824,061,641	**887,209,673**	796,459,499
Provision during the year	**359,491,035**	252,015,000	**345,558,000**	252,015,000
Adjustment for prior year	-	-	-	-
Adjustment for completion of prior year tax assessment	**(253,067,797)**	(161,264,826)	**(253,067,798)**	(161,264,826)
	1,021,235,053	914,811,815	**979,699,875**	887,209,673

A. QASEM & CO.
GULSHAN
DHAKA
CHARTERED ACCOUNTANTS

19 Turnover

The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers is described in Note 2.6. Due to the transition method chosen in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

A. Revenue streams

	Consolidated		Company	
In BDT	2018	2017	2018	2017
Revenue from contracts with customers	**13,700,924,231**	11,059,139,327	**13,700,924,231**	11,059,139,327

B. Disaggregation of revenue from contracts with customers

See accounting policy in Note 40 (A)

	Consolidated		Company	
In BDT	2018	2017	2018	2017
Home appliance	**9,199,658,414**	7,715,020,645	**9,199,658,414**	7,715,020,645
Consumer electronic	**2,703,301,335**	2,157,260,550	**2,703,301,335**	2,157,260,550
Sewing	**486,779,005**	422,107,738	**486,779,005**	422,107,738
Other	**1,064,292,214**	597,004,509	**1,064,292,214**	597,004,509
	13,454,030,968	10,891,393,442	**13,454,030,968**	10,891,393,442
Furniture	**246,893,263**	167,745,885	**246,893,263**	167,745,885
	13,700,924,231	11,059,139,327	**13,700,924,231**	11,059,139,327

Turnover includes cash sales, wholesale sales, trade sales and earned carrying charges.

Turnover includes the following:

	Consolidated		Company	
In BDT	2018	2017	2018	2017
Television under consumer electronic	**2,486,714,519**	1,891,207,604	**2,486,714,519**	1,891,207,604
Air conditioner under home appliance	**1,301,114,855**	1,019,279,503	**1,301,114,855**	1,019,279,503
Furniture	**246,893,263**	167,745,885	**246,893,263**	167,745,885
	4,034,722,637	3,078,232,992	**4,034,722,637**	3,078,232,992

C. Contract balances

The following table provides information about receivables, contract assets and contract liabilitiesfrom contracts with customers.

In BDT	*Note*	31 December 2018	1 January 2018
Receivables, which are included in 'trade and other receivables'	*8*	**2,167,789,990**	1,813,516,221
		2,167,789,990	1,813,516,221

D. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product / service	**Nature and timing of satisfaction of performance obligations, including significant payment terms**	**Revenue recognition under IFRS 15 (applicable from 1 January 2018)**	**Revenue recognition under IAS 18 (applicable before 1 January 2018)**
Consumer electronics and household appliances	Customers obtain control of products at point of delivery or over time. Invoices are generated at fair value of the consideration received or receivable, net of returns and allowances and trade discounts at the time of delivery of goods. Invoices are usually paid instantly in case of cash sales or payable as per credit terms offered by the Company. Performance obligation is satisfied when the control of the goods is transferred, rather than just the risk and reward.	Revenue is recognized when (or as) control of goods is transferred to customer. Control may be transferred either at a point in time or over time. First, the entity assesses whether it transfers control over time by following the prescribed criteria for satisfying performance obligation. If none of the criteria for recognizing revenue over time is met, then the entity recognizes revenue at the point in time at which it transfers control of the goods to the customer. Performance obligation is satisfied when the control of the goods is transferred, rather than just the risk and reward.	Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognized when significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. This usually occurs at the time of delivery of goods along with invoice. Accordingly, revenue is ordinarily recognized at the time a transaction is completed. The charge to cover interest on unrealized instalments are taken to income as earned carrying charges after the instalments are received/collected.

A. QASEM & CO.
GULSHAN
DHAKA
CHARTERED ACCOUNTANTS

20 Cost of sales

In BDT	*Note*	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Opening inventory of raw materials		822,119,077	549,879,061	565,770,196	549,879,061
Acquisition of business		-	324,809,985	-	-
		822,119,077	874,689,046	565,770,196	549,879,061
Purchased during the year		8,492,288,698	2,433,371,731	6,387,588,843	2,254,603,543
Closing inventory of raw materials		(1,258,408,438)	(822,119,077)	(778,843,982)	(565,770,196)
Raw materials consumption	*20.1 & 20.2*	8,055,999,337	2,485,941,700	6,174,515,057	2,238,712,408
Factory salaries and wages		118,909,214	68,129,424	70,995,730	57,905,643
Freight and carriage		127,609,813	70,101,758	127,501,013	70,090,169
Rent		30,361,963	7,306,340	-	-
Depreciation	*3.3*	54,330,202	24,743,922	16,694,616	18,129,224
Repairs and maintenance		15,757,365	10,693,755	399,175	6,609,651
Utilities		26,368,060	10,177,062	4,391,823	5,436,319
Bonus		6,554,139	4,252,980	4,629,033	4,252,980
Consumable stores		12,004,495	4,599,831	6,769,131	3,999,330
Gratuity		4,277,274	3,298,488	3,436,364	3,120,000
Employee benefits and recreation		3,507,102	5,456,125	2,276,554	4,536,168
Contribution to provident fund		2,628,799	2,076,610	1,907,037	1,951,082
Fuel and car maintenance		11,471,113	1,999,875	10,619,252	1,780,726
Insurance		2,025,301	626,161	802,382	786,102
Stationery		3,310,277	1,583,813	2,200,863	1,210,639
Conveyance and travelling		2,713,890	350,604	1,049,717	321,596
Travel & entertainment		-	303,717	-	-
Postage & communication		80,218	19,559	-	-
Miscellaneous		2,375,156	418,790	92,129	-
		424,284,381	216,138,814	253,764,819	180,129,629
Works cost (materials + manufacturing expenses)		8,480,283,718	2,702,080,514	6,428,279,876	2,418,842,037
Opening work-in-process		-		-	-
Closing work-in-process		(4,370,374)	-	(4,370,374)	-
Cost of production		8,475,913,344	2,702,080,514	6,423,909,502	2,418,842,037
Opening inventory of finished goods		2,241,450,738	1,702,110,048	2,194,355,907	1,702,110,048
Acquisition of business		-	7,947,727	-	-
		2,241,450,738	1,710,057,775	2,194,355,907	1,702,110,048
Purchase/production of finished goods		1,831,410,566	5,769,951,738	3,977,563,289	6,010,825,433
		4,072,861,304	7,480,009,513	6,171,919,196	7,712,935,481
Closing inventory of finished goods	*20.3*	(2,749,609,720)	(2,241,450,738)	(2,662,853,046)	(2,194,355,907)
Cost of sales		9,799,164,928	7,940,639,289	9,932,975,652	7,937,421,611

20.1 Raw materials consumption-consolidated

In BDT	Balance at 1 Jan 2018	Purchases during the year	Balance at 31 Dec 2018	Consumption during the year
Imported				
Television	40,030,619	1,511,832,408	(96,629,877)	1,455,233,150
Air conditioner	25,288,247	1,304,036,792	(346,636,569)	982,688,470
Refrigerator	256,348,881	2,104,699,854	(479,564,456)	1,881,484,279
Others	487,244,302	3,389,687,395	(324,707,600)	3,552,224,097
	808,912,049	8,310,256,449	(1,247,538,502)	7,871,629,996
Locally procured				
Furniture	13,177,346	182,032,249	(10,840,254)	184,369,341
Television, Refrigerator and Other	29,682	-	(29,682)	-
	13,207,028	182,032,249	(10,869,936)	184,369,341
	822,119,077	8,492,288,698	(1,258,408,438)	8,055,999,337

20.2 Raw materials consumption-company

In BDT	Balance at 1 Jan 2018	Purchases during the year	Balance at 31 Dec 2018	Consumption during the year
Imported				
Television	40,030,619	1,511,832,408	(96,629,877)	1,455,233,150
Air conditioner	25,288,247	1,304,036,792	(346,636,569)	982,688,470
Others	487,244,302	3,389,687,394	(324,707,315)	3,552,224,381
	552,563,168	6,205,556,594	(767,973,761)	5,990,146,001
Locally procured				
Furniture	13,177,346	182,032,249	(10,840,539)	184,369,056
Television, Refrigerator and Other	29,682	-	(29,682)	-
	13,207,028	182,032,249	(10,870,221)	184,369,056
	565,770,196	6,387,588,843	(778,843,982)	6,174,515,057

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

20.3 Closing stock of finished goods

In BDT	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Home appliance	1,897,206,294	1,472,886,911	1,810,449,620	1,425,792,080
Consumer electronic	400,717,618	404,175,087	400,717,618	404,175,087
Sewing	131,765,584	72,692,606	131,765,584	128,508,778
Furniture	86,787,985	128,508,778	86,787,985	72,692,606
Other	233,132,239	163,187,356	233,132,239	163,187,356
	2,749,609,720	2,241,450,738	2,662,853,046	2,194,355,907

21 Operating expenses

In BDT	Note	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Advertisement and sales promotion		643,144,731	528,290,839	643,144,731	528,378,169
Shop operating expenses		401,379,679	350,503,926	401,379,679	350,503,926
Salaries and allowances		287,981,682	273,353,601	283,897,236	272,691,672
Rent and occupancy		264,320,166	212,021,008	264,320,166	212,021,008
Royalty	21.1 & 21.2	182,838,754	122,526,000	161,377,227	119,174,918
Warranty		138,158,359	159,800,075	138,158,359	159,800,075
Utilities		56,757,507	53,229,475	56,755,192	53,229,475
Depreciation	3.3	55,319,178	52,981,794	55,301,427	52,893,166
Bad debts		29,072,384	32,811,452	29,072,384	32,811,452
Office administration		49,753,614	36,377,149	49,603,973	36,371,135
Repairs and maintenance		44,109,434	43,036,608	44,098,934	43,026,608
Directors' fee and remuneration	21.3	24,295,805	12,143,825	24,259,965	12,143,825
Travelling		42,394,949	37,630,509	42,373,800	37,218,803
Amortisation	4	7,979,598	7,961,439	7,971,586	7,961,439
Bank charge		18,427,258	14,860,616	16,840,012	14,756,667
Insurance		3,655,929	4,273,042	3,655,929	4,273,042
Fuel and car maintenance		4,226,538	3,770,470	4,226,538	4,176,196
Professional and technical fees	21.4	7,933,983	10,127,938	6,442,043	9,712,375
Entertainment		6,140,141	4,828,749	6,140,141	4,828,749
Statutory audit fee		945,500	596,385	552,000	552,000
Dues and subscription		740,469	846,533	372,305	816,533
		2,269,575,658	1,961,971,433	2,239,943,627	1,957,341,233

21.1 Royalty-consolidated

Manufactured products In BDT	Turnover from manufacturing units 2018	Turnover from manufacturing units 2017	Royalty charge for the year 2018	Royalty charge for the year 2017
Audio-video sets (television)	2,486,714,519	1,839,686,146	99,468,580.76	73,587,446
Air conditioner	1,301,114,855	977,077,810	52,044,594.22	39,083,112
Furniture	246,601,307	162,608,996	9,864,052.30	6,504,360
Refrigerator	2,146,152,722	335,108,280	21,461,527	3,351,082
	6,180,583,404	3,314,481,232	182,838,754	122,526,000

Royalty was charged on the net annual invoice price of products manufactured by Singer Bangladesh Limited @ 4% on audio-video sets, air conditioner and furniture and International Appliances Limited @ 1% on refrigerator for the year 2018.

21.2 Royalty-company

Manufactured products In BDT	Turnover from manufacturing units 2018	Turnover from manufacturing units 2017	Royalty charge for the year 2018	Royalty charge for the year 2017
Audio-video sets (television)	2,486,714,519	1,839,686,146	99,468,580.76	73,587,446
Air conditioner	1,301,114,855	977,077,810	52,044,594.22	39,083,112
Furniture	246,601,307	162,608,996	9,864,052.30	6,504,360
	4,034,430,682	2,979,372,952	161,377,227	119,174,918

Royalty was charged on the net annual invoice price of products manufactured by Singer Bangladesh Limited @ 4% on audio-video sets, air conditioner and furniture for the year 2018.

21.3 Director's fee and remuneration

In BDT	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Remuneration	21,986,767	9,849,096	21,986,767	9,849,096
Housing	1,792,350	1,641,000	1,792,350	1,641,000
Medical and welfare	89,848	170,729	89,848	170,729
Fees	426,840	483,000	391,000	483,000
	24,295,805	12,143,825	24,259,965	12,143,825

21.4 Professional and technical fees

In BDT	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Legal and technical services	**6,519,483**	9,087,688	**5,246,043**	8,672,125
IFRS audit fees	**1,351,250**	1,000,000	**1,150,000**	1,000,000
Audit fees for provident fund, workers' profit participation fund etc.	**63,250**	40,250	**46,000**	40,250
	7,933,983	10,127,938	**6,442,043**	9,712,375

22 Net finance costs

In BDT	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Finance income	**624,370**	563,183	**624,370**	563,183
Foreign exchange gain	**-**	-	**-**	-
Finance income	**624,370**	**563,183**	**624,370**	**563,183**
Interest expenses	**(319,292,407)**	(158,195,568)	**(254,724,883)**	(149,016,850)
	(318,668,037)	(157,632,385)	**(254,100,513)**	(148,453,667)

23 Other income/(loss)

This represents following items of income from other operations, not directly connected with principal activities of the Company:

In BDT	Note	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Sale of scrapped inventories and others		**15,468,017**	2,930,578	**6,114,849**	-
Dividend income from CDBL		**1,427,953**	1,427,952	**1,427,953**	1,427,952
Gain/(loss) on sale of discarded fixed assets (Annexure - 1)		**(4,778,743)**	(2,164,290)	**(4,778,743)**	(2,164,290)
Discount on acquisition of subsidiary	23.1	**-**	25,711,295	**-**	25,711,295
Loss on derecognition of associate	23.4	**-**	(15,390,189)	**-**	(15,390,189)
Other		**15,003,832**	16,281,940	**15,003,831**	16,281,939
		27,121,059	28,797,286	**17,767,890**	25,866,707

23.1 Discount on acquisition of subsidiary

As per IFRS 3 (business combination) paragraph 18, the acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition date fair values.

Paragraph 34 states that an acquirer will make a bargain purchase, which is a business combination in which the amount in paragraph 32(b) exceeds the aggregate of the amounts specified in paragraph 32(a). If that excess remains after applying the requirements in paragraph 36, the acquirer shall recognise the resulting gain in profit or loss on the acquisition date. The gain shall be attributed to the acquirer.

Paragraph 32 states that the acquirer shall recognise goodwill as of the acquisition date measured as the excess of (a) over (b) below:

(a) the aggregate of:

(i) the consideration transferred measured in accordance with this IFRS, which generally requires acquisition-date fair value.

(ii) the amount of any non-controlling interest in the acquiree measured in accordance with this IFRS; and

(iii) in a business combination achieved in stages the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this IFRS.

Paragraph 36 states that before recognising a gain on a bargain purchase, the acquirer shall reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and shall recognise any additional assets or liabilities that are identified in that review.

During the acquisition of International Appliances Limited (IAL), fair value of plant and machineries was measured by Asian Surveyor Limited and fair value of inventories were measured by the Company (SBL) as per IAS 2.

The fair value of identifiable net assets acquired by SBL was higher than the fair value of purchase consideration at the acquisition date. As a result, a gain on acquisition of IAL was recorded in the books of SBL. The details of discount calculation is given below.

A. QASEM & CO.
GULSHAN
DHAKA
CHARTERED ACCOUNTANTS

Goodwill/(discount)

In BDT	*Note*	16 October 2017
Net fair value of purchase consideration		318,692,000
Non-controlling interest	23.2	67,846,929
(At 16.1681% of fair value of net assets)		
Fair value of acquirer's previously held equity interest	5.1	7,384,300
		393,923,229
Fair value of identifiable net assets	23.2	(419,634,524)
		(25,711,295)

23.2 Fair value of identifiable net assets of IAL acquired

In BDT	*Note*	16 October 2017
Share capital		388,964,300
Retained earnings		20,839,796
Fair value increase of plant and machineries	23.3	9,830,428
Identifiable net assets		419,634,524
Non-controlling interest (at 16.1681% of fair value of net assets)		**67,846,929**

23.3 Fair value increase of plant and machineries

In BDT	16 October 2017
Fair value of plant and machineries	312,326,122
Accounting WDV of plant and machineries	(302,495,694)
	9,830,428

23.4 Loss on derecognition of associate

International Appliances Limited has been the equity accounted investee of SBL from 23 December 2014 to 16 October 2017 (details in note no. 5.1). When SBL established its control on IAL, it was required to derecognise the equity accounted investee and booked derecognition gain/(loss) in profit or loss statement as per IFRS 3 paragraph 42 "in a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss". The details are given below.

In BDT	*Note*	16 October 2017
Fair value of acquirer's previously held equity interest at date control obtained	5.1	7,384,300
Carrying amount of associate	23.5	(22,774,489)
		(15,390,189)

23.5 Carrying amount of associate

In BDT	*Note*	16 October 2017
Cost (share capital previously held by acquirer)	5.1	7,384,300
Share of pre-acquisition retained earnings (BDT 20,839,796 at 73.85%)		15,390,189
		22,774,489

24 Contribution to workers' profit participation fund

This is made in terms of section 234(1)(b) of Bangladesh Labour Act 2006 (as amended in 2013) 5% of the net profit of each year, not later than nine (9) months from the close of that period, is required to be transferred to the Fund, the proportion of the payment to the Participation Fund and the Welfare Fund being 80:10. The remaining 10% of the amount of net profit shall be paid by the Company to the Workers' Welfare Foundation Fund, as formed under the provision of the Bangladesh Worker's Welfare Foundation Act, 2006. Of the 80% being transferred to the participation fund, two-third has to be distributed in equal proportions to all the members (beneficiary) of the fund in cash and one-third has to be invested in accordance with the manner as stated in section 242 of that Act.

25 Share of profit/(loss) of equity-accounted investees, net of tax

In BDT	*Note*	2018	2017
Profit/(loss) from International Appliances Limited	5.1 & 25.1	-	56,387,751
		-	56,387,751

25.1 Profit/(loss) from International Appliances Limited

In BDT	*Note*	2017
Profit of equity-accounted investee for the period from 1 January to 16 October 2017, net of tax		76,354,436
Percentage of shareholding on equity-accounted investee		73.85%
		56,387,751

Profit of equity-accounted investees considered up to acquisition date i.e. 16 October 2017.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

26 Income tax expense

In BDT	Note	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Current tax expense	18.2	359,491,035	252,015,000	345,558,000	252,015,000
Prior year's adjustments		-	-	-	-
Deferred tax (income)/expense	12 & 26.1	(5,455,852)	28,960,762	(18,622,700)	16,143,891
		354,035,183	280,975,762	326,935,300	268,158,891

26.1 Related tax

In BDT	Note	Before tax	Tax (expense) / benefit	2018 Net of tax
Remeasurement of defined benefit liability	13.1	(2,347,000)	586,750	(1,760,250)
		(2,347,000)	586,750	(1,760,250)

27 Contingencies and commitments

27.1 Commitment

The letters of credit were outstanding as at 31 December 2018 against which the Company is committed to purchase products from different companies.

In BDT	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Letters of credit	1,938,434,726	1,503,723,030	1,358,386,137	966,837,544

27.2 Contingent liabilities

There are contingent liabilities on account of disputed bank guarantees and claims by the customs authority.

		Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
(i)	Claims against the Company not acknowledged as debts	5,006,676	5,696,542	5,006,676	5,696,542
(ii)	Uncalled liability on partly paid shares/ arrears of fixed cumulative dividends on preference shares	-	-	-	-
(iii)	Aggregate amount of contracts for capital expenditure remaining to be executed and not provided for	-	-	-	-
(iv)	Aggregate amount of any guarantees given by the Company on behalf of directors, managing directors, or other officers of the company	-	-	-	-
(v)	Money for which the Company is contingently liable for any guarantees given by banks	17,620,041	17,888,541	17,620,041	17,888,541
		22,626,717	23,585,083	22,626,717	23,585,083

No credit facilities of general nature (other than trade credit in ordinary course of business) under any contract were obtained or made available to the Company.

28 Capacity utilisation

28.1 Capacity utilisation-consolidated

		In units			
Production	Measurement unit	Annual installed capacity	Utilisation during the year	Over/(Under) utilisation	% of utilisation
Panel television	Number	170,000	143,826	(26,174)	84.6
Air conditioner	Sets	30,000	28,601	(1,399)	95.3
Furniture	Sets	5,300	5,108	(192)	96.4
Refrigerator	Number	120,000	88,010	(31,990)	73.3

28.2 Capacity utilisation-company

		In units			
Production	Measurement unit	Annual installed capacity	Utilisation during the year	Over/(Under) utilisation	% of utilisation
Panel television	Number	170,000	143,826	(26,174)	84.6
Air conditioner	Sets	30,000	28,601	(1,399)	95.3
Furniture	Sets	5,300	5,108	(192)	96.4

29 Number of employees

	Consolidated		Company	
	2018	2017	2018	2017
The number of employees engaged for the whole year or part thereof who received a total remuneration of BDT 36,000 and above.	1,507	1,384	1,224	1,152

30 Remittance in foreign currency

The Company remitted the following amounts in foreign exchange during the year to Retail Holdings Bhold B.V. (formerly Singer Bhold B.V.), a non-resident shareholder of the Company and Singer Asia Limited, subsidiary of the ultimate parent.

	Name of party	Amount (BDT)	Equivalent (USD)
Dividend, net for the year 2017 (final)	Retail Holdings Bhold B.V.	255,365,469	3,023,866

31 Earnings per share (EPS)

31.1 Basic earnings per share

	Consolidated		Company	
	2018	2017	2018	2017
Earnings attributable to the ordinary shareholders	**917,544,807**	750,829,917	**900,153,413**	775,109,519
Weighted average number of ordinary shares outstanding	**76,694,491**	76,694,491	**76,694,491**	76,694,491
Basic earnings per share	**11.96**	9.79	**11.74**	10.11

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2018 in terms of International Accounting Standard (IAS-33).

31.2 Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no potentially dilutive potential ordinary shares during the year.

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN DHAKA

32 Financial risk management

32.1 Financial risk management-consolidated

The Group management has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The Group has exposure to the following risks from its use of financial instruments.

- Credit risk (note 32.1.1)
- Liquidity risk (note 32.1.2)
- Market risk (note 32.1.3)

32.1.1 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from direct customers, dealers and other parties.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all customers requiring credit over a certain amount. The home appliance products are sold under hire purchase agreements and the sale of cables is under the ordinary credit terms.

The maximum exposure to credit risk (note 32.1.1.1) is represented by the carrying amount of each financial asset in the statement of financial position.

32.1.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In BDT	**2018**	**2017**
Loans and receivables	**2,225,136,036**	1,856,060,667
Cash and cash equivalents	**194,532,817**	202,934,615
	2,419,668,853	2,058,995,282

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region was:

In BDT	**2018**	**2017**
Domestic	**2,225,136,036**	1,856,060,667
	2,225,136,036	1,856,060,667

The maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was:

In BDT	**2018**	**2017**
Retail customers	**2,057,441,574**	1,718,473,785
Wholesale customers	**110,348,412**	95,042,436
Others	**59,269,496**	42,544,446
	2,227,059,482	1,856,060,667

32.1.1.2 Impairment loss

Trade receivable is assessed at each Reporting date of statement of financial position to determine whether there is any objective evidence that it is impaired. Trade receivable is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, etc. Accordingly, provision for doubtful debts is made over the amount outstanding from customers, dealers and other debtors. For receivables from customers, dealers and other debtors, provision for doubtful debts is made after analysing the recoverability of the amount from the concerned parties based on analysis of delinquency, arrearage and past due. The provision for doubtful debts is written off when it is proved that the debts are not recoverable at all.

The ageing of receivables at the reporting date was:

In BDT	**Gross 2018**	**Impairment 2018**	**Gross 2017**	**Impairment 2017**
Not past due	**1,948,941,745**	-	2,008,929,738	1,658,236
Past due 1-30 days	**402,330,753**	-	50,437,543	1,056,694
Past due 31-120 days	**140,700,655**	1,309,187	63,313,408	10,464,478
Past due 121-365 days	**46,452,691**	41,151,409	49,647,983	33,245,548
More than one year	**12,163,748**	12,897,746	3,887,096	3,887,096
	2,550,589,592	**55,358,342**	2,176,215,768	50,312,052

The movement in the allowance for impairment in respect of receivables during the year was as follows:

In BDT	**2018**	**2017**
Opening balance	**50,312,052**	48,727,109
Allowance recognised for the year	**29,072,384**	32,811,452
	79,384,436	81,538,561
Allowance written off for the year	**(24,026,094)**	(31,226,509)
Closing balance	**55,358,342**	50,312,052

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN DHAKA

32.1.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast prepared based on the basis of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

The followings are the contractual maturities of financial liabilities, including estimated interest payments:

In BDT	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31 December 2018							
Non-derivative financial liabilities:							
Bank overdraft	2,728,664,213	2,847,373,953	1,152,102,791	1,695,271,162	-	-	-
Long-term liability	45,872,825	45,872,825	2,987,736	8,721,840	20,190,048	37,150,985	-
Trade and other payables	1,646,432,946	1,646,432,946	1,463,594,192	182,838,754	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	4,420,969,984	4,539,679,724	2,618,684,719	1,886,831,756	20,190,048	37,150,985	-
As at 31 December 2017							
Non-derivative financial liabilities:							
Bank overdraft	1,587,039,816	1,912,305,268	1,850,340,503	61,964,765	-	-	-
Secured bank loans	-	-	-	-	-	-	-
Trade and other payables	1,508,412,542	1,508,412,542	1,385,886,542	122,526,000	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	3,095,452,358	3,420,717,810	3,236,227,045	184,490,765	-	-	-

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN DHAKA

32.1.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Group is exposed to normal business risks from changes in market interest rates and currency rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative business.

32.1.3.1 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because of some floating/variable loan interest rates. The Group is primarily exposed to interest rate risk from its borrowings.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

In BDT	2018	2017
Fixed rate instruments	-	-
Fixed rate deposits at financial institution	2,088,569,082	1,744,545,337
Fixed rate loans and receivable (net hire receivable)	-	-
Other fixed rate instruments (assets)		
Financial assets	2,088,569,082	1,744,545,337
Fixed rate bank overdraft	-	-
Fixed rate loans	45,872,825	-
Fixed rate debentures	-	-
Fixed rate promissory notes	-	-
Lease liabilities	-	-
Other fixed rate liabilities	-	-
Financial liabilities	45,872,825	-
Variable rate instruments		
Variable rate deposits at financial institution	-	-
Variable rate loans and receivable	-	-
Other variable rate instruments (assets)	-	-
Financial assets	-	-
Variable rate bank overdraft	2,728,664,213	1,587,039,816
Variable rate loans	-	-
Variable rate debentures	-	-
Variable rate promissory notes	-	-
Other variable rate liabilities	240,866,549	215,157,638
Financial liabilities	2,969,530,762	1,802,197,454

32.1.3.2 Cash flow sensitivity analysis for variable rate instruments 2018

A change of 200 basis points in interest rates for other variable rate liabilities which comprise the security deposit from employees and shop managers, in 2018 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
In BDT	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
31 December 2018				
Other variable rate liabilities	(4,817,331)	4,817,331	(4,817,331)	4,817,331
Cash flow sensitivity	**(4,817,331)**	**4,817,331**	**(4,817,331)**	**4,817,331**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

32.1.3.3 Cash flow sensitivity analysis for variable rate instruments 2017

A change of 200 basis points in interest rates for other variable rate liabilities which comprise the security deposit from employees and shop managers, in 2017 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
In BDT	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
31 December 2017				
Other variable rate liabilities	(4,303,153)	4,303,153	(4,303,153)	4,303,153
Cash flow sensitivity	(4,303,153)	4,303,153	(4,303,153)	4,303,153

32.1.3.4 Foreign Currency risk

The Group is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. Other non recurring exposures consist of payable to IFS authority due to developing the ERP system of the Group.

As at 31 December, the Group was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

In USD	2018	2017
Accounts payable trade	**2,849,256**	4,892,013

The following significant exchange rates are applied during the period:

In BDT	2018	2017
US Dollar	**84.50**	83.19

32.1.3.5 Foreign exchange rate sensitivity analysis for foreign currency expenditures

Foreign exchange rate sensitivity is calculated on the basis of impact of change of 500 basis points in foreign exchange rates. This analysis presents the probable weakening of BDT against US Dollar and the possibility that the profit or loss and the equity would have increased/(decreased) assuming all other variables, in particular interest rates remain constant. As per current practice, foreign exchange rate sensitivity analysis is done once at the end of the year. Result of the assessment is summarised below.

	Profit or loss		Equity	
In BDT	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
31 December 2018				
Expenditures denominated in USD	(12,038,105)	12,038,105	(12,038,105)	12,038,105
Exchange rate sensitivity	**(12,038,105)**	**12,038,105**	**(12,038,105)**	**12,038,105**

	Profit or loss		Equity	
In BDT	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
31 December 2017				
Expenditures denominated in USD	(20,348,328)	20,348,328	(20,348,328)	20,348,328
Exchange rate sensitivity	(20,348,328)	20,348,328	(20,348,328)	20,348,328

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

32.2 Financial risk management-company

The Company management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments.

- Credit risk (note 32.2.1)
- Liquidity risk (note 32.2.2)
- Market risk (note 32.2.3)

32.2.1 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from direct customers, dealers and other parties.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all customers requiring credit over a certain amount. The home appliance products are sold under hire purchase agreements and the sale of cables is under the ordinary credit

The maximum exposure to credit risk (note 32.2.1.1) is represented by the carrying amount of each financial asset in the statement of financial position.

32.2.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In BDT	2018	2017
Loans and receivables	2,343,454,268	1,855,636,074
Cash and cash equivalents	193,843,156	202,786,490
	2,537,297,424	2,058,422,564

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region was:

In BDT	2018	2017
Domestic	2,343,454,268	1,855,636,074
	2,343,454,268	1,855,636,074

The maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was:

In BDT	2018	2017
Retail customers	2,057,441,574	1,718,473,785
Wholesale customers	110,348,416	95,042,436
Others	175,664,278	42,119,853
	2,343,454,268	1,855,636,074

32.2.1.2 Impairment loss

Trade receivable is assessed at each Reporting date of statement of financial position to determine whether there is any objective evidence that it is impaired. Trade receivable is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, etc. Accordingly, provision for doubtful debts is made over the amount outstanding from customers, dealers and other debtors. For receivables from customers, dealers and other debtors, provision for doubtful debts is made after analysing the recoverability of the amount from the concerned parties based on analysis of delinquency, arrearage and past due. The provision for doubtful debts is written off when it is proved that the debts are not recoverable at all.

The ageing of receivables at the reporting date was:

In BDT	Gross 2018	Impairment 2018	Gross 2017	Impairment 2017
Not past due	1,948,941,745	-	2,008,929,738	1,658,236
Past due 1-30 days	402,330,753	-	50,437,543	1,056,694
Past due 31-120 days	140,700,655	1,309,187	62,888,814	10,464,478
Past due 121-365 days	46,452,691	41,151,409	49,647,983	33,245,548
More than one year	12,163,748	12,897,746	3,887,096	3,887,096
	2,550,589,592	55,358,342	2,175,791,174	50,312,052

The movement in the allowance for impairment in respect of receivables during the year was as follows:

In BDT	2,018.00	2,017.00
Opening balance	50,312,052	48,727,109
Allowance recognised for the year	29,072,384	32,811,452
	79,384,436	81,538,561
Allowance written off for the year	(24,026,094)	(31,226,509)
Closing balance	55,358,342	50,312,052

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

32.2.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast prepared based on the basis of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

The followings are the contractual maturities of financial liabilities, including estimated interest payments:

In BDT	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31 December 2018							
Non-derivative financial liabilities:							
Bank overdraft	**2,118,835,001**	**2,213,707,748**	**918,124,604**	**1,295,583,144**	-	-	-
Secured bank loans	-	-	-	-	-	-	-
Trade and other payables	**1,712,236,302**	**1,712,236,302**	**1,550,859,075**	**161,377,227**	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	3,831,071,303	**3,925,944,050**	**2,468,983,679**	**1,456,960,371**	-	-	-
As at 31 December 2017							
Non-derivative financial liabilities:							
Bank overdraft	1,457,644,580	1,178,689,998	982,169,212	196,520,786	-	-	-
Secured bank loans	-	-	-	-	-	-	-
Trade and other payables	1,522,526,822	1,522,526,822	1,059,784,752	97,935,552	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	2,980,171,402	2,701,216,820	2,041,953,964	294,456,338	-	-	-

32.2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Company is exposed to normal business risks from changes in market interest rates and currency rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative business.

32.2.3.1 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows because of some floating/variable loan interest rates. The Company is primarily exposed to interest rate risk from its borrowings.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

In BDT	2018	2017
Fixed rate instruments		
Fixed rate deposits at financial institution	-	-
Fixed rate loans and receivable (net hire receivable)	**2,088,569,082**	1,744,545,337
Other fixed rate instruments (assets)	-	-
Financial assets	**2,088,569,082**	1,744,545,337
Fixed rate bank overdraft	-	-
Fixed rate loans	-	-
Fixed rate debentures	-	-
Fixed rate promissory notes	-	-
Lease liabilities	-	-
Other fixed rate liabilities	-	-
Financial liabilities	-	-
Variable rate instruments	-	-
Variable rate deposits at financial institution	-	-
Variable rate loans and receivable	-	-
Other variable rate instruments (assets)	-	-
Financial assets	-	-
Variable rate bank overdraft	**2,118,835,001**	1,457,644,580
Variable rate loans	-	-
Variable rate debentures	-	-
Variable rate promissory notes	-	-
Other variable rate liabilities	**240,866,549**	215,157,638
Financial liabilities	**2,359,701,550**	1,672,802,218

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

32.2.3.2 Cash flow sensitivity analysis for variable rate instruments 2018

A change of 200 basis points in interest rates for other variable rate liabilities which comprise the security deposit from employees and shop managers, in 2018 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
In BDT	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
31 December 2018				
Other variable rate liabilities	(4,817,331)	4,817,331	(4,817,331)	4,817,331
Cash flow sensitivity	**(4,817,331)**	**4,817,331**	**(4,817,331)**	**4,817,331**

32.2.3.3 Cash flow sensitivity analysis for variable rate instruments 2017

A change of 200 basis points in interest rates for other variable rate liabilities which comprise the security deposit from employees and shop managers, in 2017 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
In BDT	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
31 December 2017				
Other variable rate liabilities	(4,303,153)	4,303,153	(4,303,153)	4,303,153
Cash flow sensitivity	(4,303,153)	4,303,153	(4,303,153)	4,303,153

32.2.3.4 Foreign Currency risk

The Company is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. Other non recurring exposures consist of payable to IFS authority due to developing the ERP system of the company.

As at 31 December, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

In USD	2018	2017
Accounts payable trade	**2,849,256**	**2,738,288**

The following significant exchange rates are applied during the period:

In BDT	2018	2017
US Dollar	**84.50**	83.19

32.2.3.5 Foreign exchange rate sensitivity analysis for foreign currency expenditures

Foreign exchange rate sensitivity is calculated on the basis of impact of change of 500 basis points in foreign exchange rates. This analysis presents the probable weakening of BDT against US Dollar and the possibility that the profit or loss and the equity would have increased/(decreased) assuming all other variables, in particular interest rates remain constant. As per current practice, foreign exchange rate sensitivity analysis is done once at the end of the year. Result of the assessment is summarised below.

	Profit or loss		Equity	
In BDT	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
31 December 2018				
Expenditures denominated in USD	(12,038,105)	12,038,105	(12,038,105)	12,038,105
Exchange rate sensitivity	**(12,038,105)**	**12,038,105**	**(12,038,105)**	**12,038,105**

	Profit or loss		Equity	
In BDT	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
31 December 2017				
Expenditures denominated in USD	(11,389,909)	11,389,909	(11,389,909)	11,389,909
Exchange rate sensitivity	(11,389,909)	11,389,909	(11,389,909)	11,389,909

33 Determination of fair value

33.1 Determination of fair value-consolidated

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of all financial assets and liabilities is taken to approximate the carrying value.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

In BDT	Carrying amount 2018	Fair value 2018	Carrying amount 2017	Fair value 2017
Assets carried at fair value				
Financial assets designated at fair value through profit or loss	-	-	-	-
Financial assets held for trading	-	-	-	-
Assets carried at amortised cost				
Loans and receivables	2,225,136,036	2,083,331,938	1,856,060,667	1,702,936,059
Cash and cash equivalents	194,532,817	194,532,817	202,934,615	202,934,615
	2,419,668,853	2,277,864,755	2,058,995,282	1,905,870,674
Liabilities carried at fair value				
Interest rate swaps used for hedges	-	-	-	-
Forward exchange contracts used for hedging	-	-	-	-
Liabilities carried at amortised cost				
Secured bank loans	-	-	-	-
Trade and other payables	1,646,432,946	N/A*	1,508,412,542	N/A*
Bank overdraft	2,728,664,213	2,728,664,213	1,587,039,816	1,587,039,816
	4,375,097,159	2,728,664,213	3,095,452,358	1,587,039,816

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	2018		2017	
	From %	To %	From %	To %
Derivatives	-	-	-	-
Receivable under hire purchase	-	-	-	-
Loans and borrowings	-	-	-	-
Finance lease liabilities	-	-	-	-

*Determination of fair value is not required as per the requirements of IFRS 7: *Financial Instruments: Disclosures* (ref: Paragraph 29). However, fair value of such instruments is not likely to be significantly different from the carrying amounts of such instruments.

33.2 **Determination of fair value-company**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of all financial assets and liabilities is taken to approximate the carrying value.

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

In BDT	Carrying amount 2018	Fair value 2018	Carrying amount 2017	Fair value 2017
Assets carried at fair value				
Financial assets designated at fair value through profit or loss	-	-	-	-
Financial assets held for trading	-	-	-	-
Assets carried at amortised cost				
Loans and receivables	2,343,454,268	2,083,331,938	1,855,636,074	1,702,936,059
Cash and cash equivalents	193,843,156	193,843,156	202,786,490	202,786,490
	2,537,297,424	2,277,175,094	2,058,422,564	1,905,722,549

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN DHAKA

In BDT	Carrying amount 2018	Fair value 2018	Carrying amount 2017	Fair value 2017
Liabilities carried at fair value				
Interest rate swaps used for hedges	-	-	-	-
Forward exchange contracts used for hedging	-	-	-	-
Liabilities carried at amortised cost				
Secured bank loans	-	-	-	-
Trade and other payables	1,712,236,302	N/A*	1,522,526,822	N/A*
Bank overdraft	2,118,835,001	2,118,835,001	1,457,644,580	1,457,644,580
	3,831,071,303	2,118,835,001	2,980,171,402	1,457,644,580

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	2018		2017	
	From %	To %	From %	To %
Derivatives	-	-	-	-
Receivable under hire purchase	-	-	-	-
Loans and borrowings	-	-	-	-
Finance lease liabilities	-	-	-	-

*Determination of fair value is not required as per the requirements of IFRS 7: *Financial Instruments: Disclosures* (ref: Para 29). However, fair value of such instruments is not likely to be significantly different from the carrying amounts of such instruments.

34 Capital management

Capital management refers to implementing policies and measures to maintain sufficient capital, assessing the Company's internal capital adequacy to ensure the company's operation as a going concern. The Board of directors is charged with the ultimate responsibility for maintaining a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. All major investment and operational decisions with exposure above certain amount are evaluated and approved by the board. The Board of directors also monitors the return on capital, which the company defines as result from operating activities divided by total shareholders' equity. The Board of directors also determines the level of dividends to ordinary shareholders.

35 Related party disclosures under IAS-24

Related party transactions are disclosed in compliance with IAS-24 "*Related Party Disclosures*". The name of the related parties, the nature of the transactions and their balance at year end have been set out below:

35.1 Related party transactions

Read this note in conjunction with note no. 21.3.

Name of related parties	Relationship	Nature of transaction	Consolidated 2018 (BDT)	Consolidated 2017 (BDT)	Company 2018 (BDT)	Company 2017 (BDT)
Retail Holdings Bhold B.V., The Netherlands (formerly Singer Bhold B.V., The Netherlands)	Parent company	Dividend payment	**283,739,410**	268,967,587	**283,739,410**	268,967,587
Retail Holdings Asia B.V.	Subsidiary of ultimate parent	Royalty payment	**182,838,754**	133,594,138	**161,377,227**	119,174,918
Singer India Ltd.	Subsidiary of ultimate parent	Procurement of products	**35,489,526**	150,695,986	**35,489,526**	150,695,986
International Appliances Limited	Subsidiary of SBL	Procurement of products	-	-	**2,146,152,722**	1,441,922,016
International Appliances Limited	Subsidiary of SBL	Current account	-	-	**112,563,094**	3,208,121
Shanghai Sonlu Shangling Enterprise Group Co. Ltd.	Non-controlling interest	Procurement of products	**2,096,130,148**	45712905	-	-
Shanghai Sonlu Shangling Enterprise Group Co. Ltd.	Non-controlling interest	Procurement of plant & machinery	-	165,236,117	-	-
Sunman Corporation Limited	Non-controlling interest	Rent	**30,361,963**	7,306,340	-	-

35.2 Related party receivable/(payable)

Name of related parties	Relationship	Nature of transaction	Consolidated 2018 (BDT)	Consolidated 2017 (BDT)	Company 2018 (BDT)	Company 2017 (BDT)
Retail Holdings Asia B.V.	Subsidiary of ultimate parent	Royalty payable Current account	**(319,264,829)**	(135,234,085)	**(280,552,145)**	(119,174,918)
Singer Asia Ltd.	Subsidiary of ultimate parent	Current account	**11,452,755**	11,452,754	**11,452,755**	11,452,754
Singer India Ltd.	Subsidiary of ultimate parent	Procurement of products	-	(2,696,048)	-	(2,696,048)
International Appliances Limited	Subsidiary of SBL	Procurement of products	-	-	**(182,490,513)**	(255,455,217)
International Appliances Limited	Subsidiary of SBL	Current account	-	-	**121,614,273**	5,843,058
Shanghai Sonlu Shangling Enterprise Group Co. Ltd.	Non-controlling interest	Procurement of product and plant & machinery	-	(177,241,885)	-	-
Sunman Corporation Limited	Non-controlling interest	Rent	**(12,736,817)**	(13,551,461)	-	-
Sunman Corporation Limited	Non-controlling interest	Other receivable	**3,991,888**	6,023,672	-	-

36 Events after the reporting period

a. The Board of Directors of the Company has recommended 30% stock dividend in its 236th board meeting dated 28 February 2019.

b. The Company has purchased 16.1680% share of International Appliances Limited (IAL) from Shanghai Sonlu Shangling Enterprise Group Co. Ltd. (9.9978%) and from Sunman Corporation Limited (6.1702%). Associated call option of Sunman Corporation Limited has been cancelled. As a result IAL is now fully owned subsidairy of the Company.

37 Others

a. These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

b. Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.

c. Previous year's figures have been regrouped and/or rearranged wherever considered necessary for the purpose of current year's presentation.

d. The financial statements of previous years had been prepared in compliance with the requirements of the Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh earlier, the Companies Act 1994, Bangladesh Securities and Exchange Ordinance 1969, Bangladesh Securities and Exchange Rules 1987, Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable.

A. QASEM & CO.
GULSHAN
DHAKA
CHARTERED ACCOUNTANTS

38 Standards adopted but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing the financial statements.

Of those standards that are not yet effective, the Group intends to adopt IFRS 16, when it becomes effective, and is expected to have a material impact on the Group's financial statements in the period of initial application.

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Although early adoption is permitted, the Group has not early adopted IFRS 16 in preparing these financial statements.

The most significant impact identified is that, the Group will recognise new assets and liabilities for its operating leases of retail stores / showrooms, warehouses, service centers, factories and other offices facilities. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Group has no finance leases.

As a lessee, the Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The Group also plans to apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

The Group is currently assessing the impact of initially applying the standard on the elements of financial statements.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

39 Basis of measurement

These financial statements have been prepared on accrual basis following going concern concept under historical cost convention as modified to include the revaluation of land and building under property, plant and equipment, initial recognition of financial instruments at fair value and the gratuity scheme which was measured based on actuarial valuation.

40 Significant accounting policies

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

A.	Revenue
B.	Finance income and finance costs
C.	Foreign currency transactions
D.	Income tax
E.	Inventories
F.	Property, plant and equipment
G.	Intangibles
H.	Financial instruments
I.	Impairment
J.	Provisions
K.	Royalty
L.	Warranty costs
M.	Investments
N.	Workers' profit participation fund
O.	Employee benefit
P.	Reporting period
Q.	Earnings per share
R.	Segment reporting
S.	Statement of cash flows
T.	Events after the reporting period
U.	Offsetting
V.	Basis of consolidation

A. Revenue from contracts with customers

Revenue from sale of goods

The Group has initially applied IFRS 15 from 1 January 2018. Information about the Group's accounting policies relating to contracts with customers is provided in Note 2.6(A). The effect of initially applying IFRS 15 is described in Note 2.6 & 19.

B. Finance income and finance costs

Finance expenses comprise interest expense on term loan, overdraft, and bank charges. Interest income from fixed deposit and from saving or current account is net off with finance expenses. All finance expenses are recognised in the profit and loss statement.

C. Foreign currency transactions

Foreign currency transactions are recorded in BDT at applicable rates of exchange ruling at the dates of transactions in accordance with IAS-21 "*The Effects of Changes in Foreign Exchange Rates*." Exchange rate difference at the statement of financial position date are charged/credited to statement of profit or loss and other comprehensive income, to the extent that this treatment does not contradict with the Schedule XI of Companies Act 1994. This Schedule requires all exchange gains and losses arising from foreign currency borrowings, taken to finance acquisition of construction of fixed assets, to be credited/ charged to the cost/value of such assets.

D. Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income (profit and loss statement).

Current tax

The Company qualifies as a "Publicly Traded Company", as defined in income tax law. The applicable tax rate for the Company is 25%. Provision for taxation has been made on this basis which is compliant with the Finance Act 2018.

Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. The deferred tax asset/income or liability/expense does not create a legal obligation to, or recoverability from, the income tax authority.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

E. Inventories

Inventories are measured at lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The Company assesses the NRV by giving consideration to future demand and condition of the inventory and make adjustments to the value by making required provisions. Inventories consist of raw materials, work-in-process, goods in transit and finished goods.

F. Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated in attached statement of financial position are measured at cost/fair value less accumulated depreciation and any accumulated impairment losses in accordance with IAS-16 "*Property Plant and Equipment*". Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalised by adding it to the related property, plant and equipment.

If significant parts of an item of property, plant & equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant & equipment. Any gain or loss on disposal of an item of property, plant & equipment is recognised in profit or loss.

Cost model

The Company applies cost model to property, plant & equipment except for land and buildings.

Revaluation model

The company applies revaluation model to entire class of freehold land and buildings. A revaluation is carried out when there is a substantial difference between the fair value and the carrying amount of the property and is undertaken by professionally qualified valuers. The company reviews its assets when deemed appropriate considering reasonable interval of years/time.

Increase in the carrying amount on revaluation is recognised in other comprehensive income and accumulated in equity in the revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down.

Decrease in the carrying amount on revaluation that offset previous increases of the same individual assets are charged against revaluation reserve directly in equity. All other decreases are recognised in profit and loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day maintenance of property, plant and equipment are recognised in the profit and loss account as incurred.

Depreciation

Depreciation is calculated over the depreciable amount. Depreciation is recognised in profit and loss on a reducing balance method in case of SBL and straight line basis in case of IAL over each part of an item of property, plant & equipment, since this most closely reflected the expected pattern of consumption of the future economic benefits embodied in the asset. A change in the depreciation method is a change in a technique used to apply the entity's accounting policy to recognise depreciation as an asset's future economic benefits are consumed. Therefore it is deemed to be a change in an accounting estimate.

Land is not depreciated. Depreciation is charged on property plant and equipment from the month of acquisition and no depreciation is charged in the month of disposal.

Depreciation is charged at the rates varying from 2.5% to 25% depending on the estimated useful lives of assets. No depreciation is charged for work-in-progress.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

The rates of depreciation of SBL, applied on reducing balance method, for the current and comparative years are as follows:

Building - Office	10%
Building - Factory	20%
Leasehold improvements	10%
Plant and machinery	20%
Vehicles	20%
Furniture and fixtures	10%
Equipment and tools	20%

The rates of depreciation of IAL, applied on straight line basis, for the current and comparative years are as follows:

Building - Office	2.50%
Building - Factory	2.50%
Leasehold improvements	12.50%
Plant and machinery	8.33%
Vehicles	14%
Furniture and fixtures	10%
Equipment and tools	8.33%
Computer	25%

G. Intangibles

An intangible asset is recognised if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably in accordance with IAS 38 - 'Intangible Assets'. Intangible assets with finite useful lives are measured at cost, less accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally-generated goodwill and brands are recognised in profit or loss as incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Amortisation expense on intangible assets with finite lives is recognised in profit and loss on a straight-line basis over the estimated useful lives, from the date they are available-for-use.

The estimated useful lives of intangible assets with finite lives are as follows:

	Useful Life	
Intangible Assets	Singer	IAL
Computer Software	5 years	10 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

H. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the transaction.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

The Company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets include cash and cash equivalents, accounts receivable, and long term receivables and deposits.

Accounts receivables

Accounts receivable is initially recognised at nominal value which is the fair value of the consideration given in return. Accounts receivable represents the amounts due from customers of hire sale, credit sale and also includes receivable from employees and others, net of provision for doubtful debts and unearned carrying charges.

Allowances for accounts receivables are calcualted applying the rates, based on the ageing of hire receivables from customers for the current and comparative years, are as follows:

Due within 3 months	Nil
Due over 3 months but within 6 months	50%
Due over 6 months but within 9 months	100%
Due over 9 months but within 12 months	100%
Over 12 months	100%

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and cash in transit. It also includes fixed deposit with bank maturity of which is not more than three months. There is no significant risk of change in value of the same.

Financial liability

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial liabilities include finance lease obligations, loans and borrowings, accounts payable and other payables.

Accounts payables

The Company recognises a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits.

I. Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each date of Statement of Financial Position. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

J. Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with IAS 37- "*Provisions, Contingent Liabilities and Contingent Assets*". The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at the date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

K. Royalty

Royalty is payable to Retail Holdings Asia B.V. @ 4% of net annual invoice price of sale of audio-video sets (radio cassette, recorders and televisions), air conditioner and furniture assembled and manufactured in Bangladesh (note 21.1 & 21.2). The Company is authorised to use the name "SINGER" as part of its corporate name.

L. Warranty costs

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of all possible outcomes against their associated probabilities.

M. Investments

Investment in Central Depository Bangladesh Limited (CDBL)

Investment in CDBL is recorded at cost and represents insignificant holding.

Investment in associate

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the investor's share of net assets of the associate since the acquisition date. The statement of profit or loss and other comprehensive income reflects the investor's share of the results of operations of the associate. Any change in other comprehensive income of the investee is presented as part of the investor's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the investor recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the investor and the associate are eliminated to the extent of the interest in the associate.

Investment in term deposit

This represents investment in term deposit with Commercial Bank of Ceylon which is renewable.

Investment in short term deposit

Investment in short term deposit represents fixed deposit with maturity of three months and over.

N. Workers' profit participation fund

The Company provides 5% of its net profit as a contribution to workers' profit participation fund before tax and charges such expense in accordance with The Bangladesh Labour Act 2006 (as amended in 2013).

O. Employee benefit

The Company maintains both defined contribution plan (provident fund) and a retirement benefit obligation (gratuity fund) for its eligible permanent employees.

Defined contribution plan (provident fund)

Defined contribution plan is a post employment benefit plan under which the Company provides benefits for all of its permanent employees. The recognised Employees' Provident Fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 12.5% of their basic salary to the provident fund and the Company also makes equal contribution. This fund is recognised by the National Board of Revenue (NBR), under the First Schedule, Part B of Income Tax Ordinance 1984.

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered required services. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund. Obligations are created when they are due.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Retirement benefit obligation (gratuity)

The Company operates a funded gratuity scheme for its permanent employees, under which an employee is entitled to the benefits depending on the length of services and last drawn basic salary.

Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service cost and mutually compatible actuarial assumptions about demographic and financial variables are used.

Short-term employee benefits

This relates to leave encashment and is measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Accordingly, necessary provision is made for the amount of annual leave encashment based on the latest basic salary. This benefit is applicable for employees as per service rules.

P. Reporting period

The financial period of the Company covers one year from 1 January to 31 December.

Q. Earnings per share

The Company presents basic and diluted (when dilution is applicable) earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reserve split.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

R. Segment reporting

Segment reporting is not applicable for the Company this year as the Company does not meet the criteria required for segment reporting specified in IFRS 8: "Operating *Segments*". The details are described on *note no. 2.5.*

S. Statement of cash flows

Statement of Cash Flows (Cash Flow Statement) is prepared under direct method in accordance with IAS-7 "*Statement of Cash Flows*" as required by the Bangladesh Securities and Exchange Rules 1987.

T. Events after the reporting period

Events after the balance sheet date that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Material events after the balance sheet date that are not adjusting events are disclosed in the note 36.

U. Offsetting

The Group reports separately both assets and liabilities, and income and expenses, unless required by an applicable accounting standard or offsetting reflects the substance of the transaction and such offsetting is permitted by applicable accounting standard.

V. Basis of consolidation

The Group account for business combination using the acquisition method when control is transferred to the Group (see V (i)). The consideration transferred in the acquisition are generally measured at fair value, as are the identifiable net asset acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

(i) Subsidiaries

Subsidiaries are the entities controlled by the Group. The Group controls an entity when it is exposed to, or has the rights to variable returns from its involvement with the entity and has the ability to affects those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Non-controlling interests

Non-controlling Interest (NCI) are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Singer Bangladesh Limited

Details of disposal of property, plant and equipment (Annexure - 1)

For the year ended 31 December 2018

Particulars	Original cost	Accumulated depreciation	Net book value	Sales proceed	Gain/(Loss)	Mode of disposal
Plant & machinery	201,308	199,435	1,873	-	(1,873)	Adjustment/sold
Equipment	11,518,333	10,004,361	1,513,972	70,342	(1,443,630)	Adjustment/sold
Furniture	3,332,939	2,818,168	514,771	-	(514,771)	Adjustment/sold
Leasehold improvements	9,324,711	4,602,893	4,721,818	1,533,810	(3,188,008)	Adjustment/sold
Vehicles	1,150,000	1,109,538	40,462	410,000	369,538	Auction
	25,527,291	**18,734,395**	**6,792,896**	**2,014,152**	**(4,778,744)**	

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS