

Singer Bangladesh Limited

**Auditor's report and financial statements
as at and for the year ended 31 December 2016**



Rahman Rahman Huq

Chartered Accountants
9 & 5 Mohakhali C/A
Dhaka 1212
Bangladesh

Telephone +880 (2) 988 6450-2
Fax +880-(2) 988 6449
E-mail dhaka@kpmg.com
Internet www.kpmg.com/bd

**Independent auditor's report
to the shareholders of Singer Bangladesh Limited**

Report on the financial statements

We have audited the accompanying financial statements of Singer Bangladesh Limited (the 'Company') which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, 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.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Singer Bangladesh Limited as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

RRH



Report on other legal and regulatory requirements

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

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) 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
- d) the expenditure incurred and payments made were for the purpose of the business of the company.
- e) based on our review of documents regarding revaluation of assets, to the best of our knowledge and belief, the valuation report has been prepared and treated in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and other applicable laws, rules, regulations and guidelines; and proper accounting treatments, including provisions, tax and other liabilities, have been made in the financial statements in this regard.

Rahman Rahman Huq
Dhaka, 26 February 2017

RRH

Rahman Rahman Huq

Singer Bangladesh Limited
Statement of financial position

<i>In BDT</i>	<i>Note</i>	31 December 2016	31 December 2015
Assets			
Property, plant and equipment	3	1,034,080,145	828,954,308
Intangible assets	4	36,032,923	45,041,154
Investments	5	288,278,188	183,882,558
Deferred tax assets	12	37,391,385	29,056,261
Deposits and prepayments	6	214,922,550	182,373,130
Non-current assets		1,610,705,191	1,269,307,411
Inventories	7	2,159,740,405	1,127,463,294
Trade and other receivables	8	1,538,442,838	1,042,142,492
Advances, deposits and prepayments	6	238,801,245	107,900,404
Current tax assets	17	-	2,210,492
Cash and cash equivalents	9	152,429,314	103,885,107
Current assets		4,089,413,802	2,383,601,789
Total assets		5,700,118,993	3,652,909,200
Equity			
Share capital	10	766,944,910	766,944,910
Reserves	11	585,380,060	421,897,695
Retained earnings		594,705,557	228,490,099
Total equity		1,947,030,527	1,417,332,704
Liabilities			
Retirement benefit obligations (gratuity)	13	109,618,000	129,507,000
Other liabilities	14	1,335,297,010	1,283,006,853
Non-current liabilities		1,444,915,010	1,412,513,853
Trade and other payables	15	1,157,720,304	804,293,657
Short-term borrowings - secured	16	1,130,878,507	18,768,986
Current tax liabilities	17	19,574,645	-
Current liabilities		2,308,173,456	823,062,643
Total equity and liabilities		5,700,118,993	3,652,909,200

The notes on pages 7 to 40 are an integral part of these financial statements.



Mohamed Hapifa Mohamed Fairouz
Managing Director



Dr. Syed Ferhat Anwar
Director



Mohammad Sanaulah
Company Secretary

As per our report of same date.

Dhaka, 26 February 2017

RRM



Auditor
Rahman Rahman Huq
Chartered Accountants

Singer Bangladesh Limited

Statement of profit or loss and other comprehensive income

In BDT	Note	For the year ended 31 December	
		2016	2015
Sales		8,844,133,053	6,753,779,686
Earned carrying charges		163,336,157	156,957,232
Turnover	18	9,007,469,210	6,910,736,918
Cost of sales	19	(6,413,780,897)	(5,067,717,595)
Gross profit		2,593,688,313	1,843,019,323
Operating expenses	20	(1,660,079,486)	(1,286,312,149)
Other income/ (loss)	22	1,536,354	65,682,651
Contribution to workers' profit participation fund	23	(41,030,308)	(27,211,220)
Operating profit		894,114,873	595,178,605
Finance income		9,840,369	1,902,163
Finance costs		(97,298,322)	(66,151,118)
Net finance costs	21	(87,457,953)	(64,248,955)
Share of loss of equity-accounted investees, net of tax	24	(27,081,070)	(13,916,492)
Profit before taxation		779,575,850	517,013,158
Income tax expense	25	(233,253,651)	(148,429,201)
Profit after taxation		546,322,199	368,583,957
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain on revaluation of property, plant and equipment	3	171,922,000	-
Remeasurement of defined benefit liability	13.1	(535,000)	-
Related tax	25.1	(3,761,660)	-
		167,625,340	-
Total comprehensive income		713,947,539	368,583,957
Earnings per share (EPS)	30	7.12	4.81

The notes on pages 7 to 40 are an integral part of these financial statements.


 Mohamed Haniffa Mohamed Fairoz
 Managing Director


 Dr. Syed Ferhat Anwar
 Director


 Mohammad Sanullah
 Company Secretary

As per our report of same date.

Dhaka, 26 February 2017

RRH


 Auditor
 Rahman Rahman Huq
 Chartered Accountants

Singer Bangladesh Limited
Statement of changes in equity

For the year ended 31 December 2015

In BDT	Share Capital	Revaluation Reserve	Capital Reserve	Non-remittable special Reserves	Non-distributable special Reserves	Retained Earnings	Total Equity
Balance at 1 January 2015	613,555,930	376,568,286	18,190,942	370,178	232,847	518,234,357	1,527,152,540
Total comprehensive income	-	-	-	-	-	368,583,957	368,583,957
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	368,583,957	368,583,957
Transaction with owners of the Company	-	-	-	-	-	-	-
Contributions and distributions	-	-	-	-	-	-	-
Dividends:	-	-	-	-	-	-	-
Cash dividend - 2014	-	-	-	-	-	(214,744,576)	(214,744,576)
Cash dividend (interim) - 2015	-	-	-	-	-	(306,777,965)	(306,777,965)
Stock dividend - 2014	153,388,980	-	-	-	-	(153,388,980)	-
Total contributions and distributions	153,388,980	-	-	-	-	(674,911,521)	(521,522,541)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	37,815,926	-	-	-	5,302,822	43,118,748
Transfer of depreciation on revaluation surplus	-	(11,280,484)	-	-	-	11,280,484	-
Total	-	26,535,442	-	-	-	16,583,306	43,118,748
Balance at 31 December 2015	766,944,910	403,103,728	18,190,942	370,178	232,847	228,490,099	1,417,332,704

For the year ended 31 December 2016

In BDT	Share Capital	Revaluation Reserve	Capital Reserve	Non-remittable special Reserves	Non-distributable special Reserves	Retained Earnings	Total Equity
Balance at 1 January 2016	766,944,910	403,103,728	18,190,942	370,178	232,847	228,490,099	1,417,332,704
Total comprehensive income	-	-	-	-	-	546,322,199	546,322,199
Profit	-	168,026,590	-	-	-	(401,250)	167,625,340
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	168,026,590	-	-	-	545,920,949	713,947,539
Transaction with owners of the Company	-	-	-	-	-	-	-
Contributions and distributions	-	-	-	-	-	-	-
Dividends:	-	-	-	-	-	-	-
Cash dividend - 2015	-	-	-	-	-	(191,736,228)	(191,736,228)
Total contributions and distributions	-	-	-	-	-	(191,736,228)	(191,736,228)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	4,669,394	-	-	-	2,817,118	7,486,512
Transfer of depreciation on revaluation surplus	-	(9,213,619)	-	-	-	9,213,619	-
Total	-	(4,544,225)	-	-	-	12,030,737	7,486,512
Balance at 31 December 2016	766,944,910	566,586,093	18,190,942	370,178	232,847	594,705,557	1,947,030,527

The notes on pages 7 to 40 are an integral part of these financial statements.



Singer Bangladesh Limited
Statement of cash flows

<i>In BDT</i>	<i>Note</i>	For the year ended 31 December 2016	2015
Cash flows from operating activities			
Collections from turnover and other income		8,655,259,850	6,838,469,275
Payments for costs and expenses		(9,001,520,854)	(5,746,635,124)
Interest paid on borrowings		(84,247,953)	(159,438,908)
Payments to workers' profit participation fund		(27,211,220)	(26,384,524)
Income tax paid		(216,078,786)	(135,422,876)
Net cash from operating activities		(673,798,963)	770,587,843
Cash flows from investing activities			
Acquisition of property, plant and equipment		(108,292,864)	(40,863,852)
Encash in short term/term deposits		-	-
Investment in associate		(131,476,700)	(168,683,108)
Dividend received from CDBL		1,427,952	1,427,953
Proceeds from sale of property, plant and equipment		5,653,945	4,318,598
Net cash from/(used in) investing activities		(232,687,667)	(203,800,409)
Cash flows from financing activities			
Dividends paid		(157,078,684)	(415,914,327)
Net cash used in financing activities		(157,078,684)	(415,914,327)
Net increase/(decrease) in cash		(1,063,565,314)	150,873,107
Cash and cash equivalents at 1 January		85,116,121	(65,756,986)
Cash and cash equivalents at 31 December		(978,449,193)	85,116,121
Closing cash and cash equivalents have been arrived at as follows:			
Cash and cash equivalents	9	152,429,314	103,885,107
Short-term borrowings - secured (bank overdrafts)	16	(1,130,878,507)	(18,768,986)
		(978,449,193)	85,116,121

The notes on pages 7 to 40 are an integral part of these financial statements.



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 publicly-traded on the floors of 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 colour televisions, air conditioners and furniture and marketing of refrigerators, televisions, air conditioners, furniture, sewing machines and other consumer electronics and household appliances. The manufacturing plant of the Company is situated at Rajfulbaria, Jhamur, Savar, Dhaka 1340.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in compliance with the requirements of the Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), 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 26 February 2017.

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.

2.3 Functional and presentational currency

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



Notes to the financial statements (continued)

2.4 Use of estimates and judgments

The preparation of 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 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 25 Income tax expense



Notes to the financial statements (continued)

3. Property, plant and equipment

See accounting policy in Note 39 (F)

In BDT	Building		Leasehold Improvements			Plant and machinery	Vehicles	Furniture and fixtures	Equipment and tools	CWIP (Note 3.1)	Total
	Land	Office	Factory	Office	Shops						
Cost											
Balance at 1 January 2015	390,664,000	75,429,653	219,012,184	15,170,208	368,806,316	54,428,446	100,428,945	20,916,505	137,591,991	7,509,141	1,389,957,389
Additions	-	-	319,395	1,173,000	29,700,851	229,598	3,518,653	150,340	19,304,911	11,461,756	65,858,504
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposals/transfers	(1,406,000)	(1,057,900)	-	-	(13,788,503)	-	(1,408,005)	(361,995)	(3,240,500)	(18,650,379)	(39,893,282)
Balance at 31 December 2015	389,258,000	74,371,753	219,331,579	16,343,208	384,738,664	54,658,044	102,539,593	20,704,850	153,656,402	320,518	1,415,922,611
Balance at 1 January 2016	389,258,000	74,371,753	219,331,579	16,343,208	384,738,664	54,658,044	102,539,593	20,704,850	153,656,402	320,518	1,415,922,611
Additions	-	-	-	-	33,801,010	23,422,570	17,872,844	88,734	24,434,626	14,245,214	113,864,998
Revaluation	171,922,000	-	-	-	-	-	-	-	-	-	171,922,000
Disposals/transfers	-	-	-	-	(9,272,377)	(10,558,719)	(13,271,302)	(772,404)	(4,046,545)	(5,572,134)	(43,494,081)
Balance at 31 December 2016	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
Accumulated depreciation											
Balance at 1 January 2015	-	34,322,839	144,737,679	9,536,351	148,933,714	33,291,844	49,351,190	12,555,115	94,684,560	-	527,423,292
Depreciation for the year	-	4,079,022	14,865,547	651,360	22,946,153	4,252,323	10,720,032	844,608	9,645,298	-	68,004,343
Adjustment for disposals/transfers	-	(598,847)	-	-	(3,703,134)	-	(1,216,918)	(303,017)	(2,637,416)	-	(8,459,332)
Balance at 31 December 2015	-	37,803,014	159,603,226	10,187,711	168,176,733	37,544,167	58,854,304	13,096,706	101,702,442	-	586,968,303
Balance at 1 January 2016	-	37,803,014	159,603,226	10,187,711	168,176,733	37,544,167	58,854,304	13,096,706	101,702,442	-	586,968,303
Depreciation for the year	-	3,656,874	11,945,671	615,550	22,545,121	5,796,390	9,941,808	760,316	12,272,111	-	67,533,841
Adjustment for disposals/transfers	-	-	-	-	(5,701,614)	(10,273,790)	(10,457,468)	(673,131)	(3,260,758)	-	(30,366,761)
Balance at 31 December 2016	-	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
Carrying amounts											
At 1 January 2015	390,664,000	41,106,914	74,274,505	5,633,857	219,872,602	21,136,602	51,077,755	8,361,390	42,897,431	7,509,141	862,534,097
At 31 December 2015	389,258,000	36,568,739	59,728,353	6,155,497	216,561,931	17,113,877	43,685,289	7,608,144	51,953,960	320,518	828,954,308
At 31 December 2016	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

Land and building have been revalued, detailed are provided in note 11.1.



Notes to the financial statements (continued)

3.1 Capital work in progress (CWIP)

<i>In BDT</i>	Leasehold improvements	Air conditioner	Building	ERP (hardware portion)	Total
Cost					
Balance at 1 January 2015	7,211,652	-	-	297,489	7,509,141
Additions	10,761,273	-	-	700,483	11,461,756
Disposals/transfers	(17,652,407)	-	-	(997,972)	(18,650,379)
Balance at 31 December 2015	320,518	-	-	-	320,518

<i>In BDT</i>	Leasehold improvements	Air conditioner	Building	ERP (hardware portion)	Total
Cost					
Balance at 1 January 2016	320,518	-	-	-	320,518
Additions	11,148,214	-	3,097,000	-	14,245,214
Disposals/transfers	(5,572,134)	-	-	-	(5,572,134)
Balance at 31 December 2016	5,896,598	-	3,097,000	-	8,993,598

Allocation of depreciation

<i>In BDT</i>	Note	2016	2015
Cost of sales	19	19,500,734	21,078,256
Operating expenses	20	48,033,107	46,926,087
		67,533,841	68,004,343

4. Intangible assets

<i>In BDT</i>	2016	Software 2015
Cost		
Balance at 1 January	58,944,432	57,946,457
Additions	-	997,975
Disposals/transfers	-	-
Balance at 31 December	58,944,432	58,944,432

Accumulated amortisation

Balance at 1 January	13,903,278	2,871,692
Amortisation for the year	9,008,231	11,031,586
Adjustment for disposal/transfers	-	-
Balance at 31 December	22,911,509	13,903,278

Carrying amounts

<i>In BDT</i>	2016	2015
At 31 December	36,032,923	45,041,154



5. Investments

See accounting policy in Note 39 (M)

<i>In BDT</i>	<i>Note</i>	2016	2015
Equity-accounted investee	5.1	285,078,738	172,683,108
Investment in term deposit		1,630,000	9,630,000
Investment in Central Depository Bangladesh Limited (CDBL)		1,569,450	1,569,450
		288,278,188	183,882,558

5.1 Equity-accounted investee

<i>In BDT</i>	2016	2015
Investment in IAL	312,159,808	186,599,600
Share of loss of IAL	(27,081,070)	(13,916,492)
	285,078,738	172,683,108

Singer Bangladesh Limited (SBL) has invested 73.85% (2014: 40%) in the equity of International Appliances Limited (IAL); SBL treated the investment as investment in associate instead of subsidiary. For the reasons stated below.

As per shareholders agreement (dated 7 December 2014) relating to IAL, SBL will hold 40%, Sunman Corporation Limited (Sunman) will hold 40% and Shanghai Sonlu Shangling Enterprise Group Co. Limited (Sonlu) will hold the remaining 20% of the shares of IAL.

The amended agreement (dated 27 October 2015) changed the shareholding as follows: SBL will hold 73.85% (40% plus 33.85% of the shares previously held by Sunman), Sunman will hold 6.15% and Sonlu will hold 20% of the shares of IAL. SBL granted Sunman an irrevocable and continuing call option to acquire 33.85% of IAL's share, exercisable in one tranche only for the full amount of 33.85%, from SBL, effective and enforceable up to 1 March 2023, with 60 days written notice. The exercise price for the call option will be equal to face value of the 33.85% shares plus 12% compounded annually less any dividend or distribution received in respect to the shares.

As per BFRS 10 (B50) "Substantive potential voting rights alone, or in combination with other rights, can give an investor the current ability to direct the relevant activities." So in light with BFRS, by exercising the call option any time, will give Sunman increased voting rights by reducing the voting rights of SBL. Thus SBL will no longer have the current ability to direct the relevant activities of IAL.

In light of BFRS 10, SBL has not prepared consolidated financial statements for IAL the year ended 31 December 2016 and going forward, SBL will not prepare and present any consolidated financial statements up to 1 March 2023.

In view of above, SBL has accounted for IAL by following BAS 28 "Investment in Associates and Joint Ventures" in the financial statements and treated IAL as an equity-accounted investee.

6. Advances, deposits and prepayments

See accounting policy in Note 39 (H)

<i>In BDT</i>	<i>Note</i>	2016	2015
Employees against expenses		2,985,492	4,271,936
Advances to others	6.1	6,373,779	10,303,097
Advances		9,359,271	14,575,033
Security deposits		14,533,386	12,068,594
Deposits		14,533,386	12,068,594
Prepayments		429,831,138	263,629,907
Prepayments		429,831,138	263,629,907
	6.2	453,723,795	290,273,534



6.1 Advances to others

<i>In BDT</i>	2016	2015
L/C margins, charges and insurance against traded goods	6,348,843	10,250,034
Postage franking machine	24,936	53,063
	6,373,779	10,303,097
6.2 Non-current portion of deposits and prepayments	214,922,550	182,373,130
Current portion of advances, deposits and prepayments	238,801,245	107,900,404
	453,723,795	290,273,534

7. Inventories

See accounting policy in Note 39 (E)

<i>In BDT</i>	2016	2015
Finished goods	1,702,110,048	900,432,874
Goods in transit	372,893,064	204,925,379
Raw materials	176,985,997	92,427,908
	2,251,989,109	1,197,786,161
Provision for inventory obsolescence	(92,248,704)	(70,322,867)
	2,159,740,405	1,127,463,294

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

8. Trade and other receivables

See accounting policy in Note 39 (H)

<i>In BDT</i>	Note	2016	2015
Trade receivables	8.1	1,495,345,494	983,202,279
Other receivables	8.2	43,097,344	58,940,213
		1,538,442,838	1,042,142,492

8.1 Trade receivables

<i>In BDT</i>	Note	2016	2015
Hire customer receivable	8.1.1	1,422,550,286	949,764,502
Trade and dealer receivable	8.1.2	72,795,208	33,437,777
		1,495,345,494	983,202,279

8.1.1 Hire customer receivables

<i>In BDT</i>	Note	2016	2015
Hire receivable from customers		1,664,665,480	1,132,830,621
Unearned carrying charges		(220,750,743)	(163,031,119)
		1,443,914,737	969,799,502
Provision for doubtful debts	8.3.1	(21,364,451)	(20,035,000)
		1,422,550,286	949,764,502



Notes to the financial statements (continued)

8.1.2 Trade and dealer receivable

<i>In BDT</i>	<i>Note</i>	2016	2015
Trade receivable		67,906,191	21,514,653
Receivable from dealers		9,375,928	14,981,031
		77,282,119	36,495,684
Provision for doubtful debts	8.3.1	(4,486,911)	(3,057,907)
		72,795,208	33,437,777

8.2 Other receivables

<i>In BDT</i>	<i>Note</i>	2016	2015
Receivable from Shop Managers		24,472,515	26,549,973
Receivable from Singer Asia Limited		26,178,909	26,178,909
Receivable from employees		6,555,048	9,038,547
Receivable from others		8,766,619	15,708,531
		65,973,091	77,475,960
Provision for doubtful debts	8.3.1	(22,875,747)	(18,535,747)
		43,097,344	58,940,213

8.3 Provision for doubtful debts

<i>In BDT</i>	<i>Note</i>	2016	2015
Opening balance		41,628,654	57,736,130
Provision for the year		47,037,453	43,378,458
		88,666,107	101,114,588
Written-off during the year		(39,938,998)	(59,485,934)
Closing balance	8.3.1	48,727,109	41,628,654

8.3.1 *In BDT*

<i>In BDT</i>	<i>Note</i>	2016	2015
Hire customer receivable	8.1.1	21,364,451	20,035,000
Trade and dealer receivable	8.1.2	4,486,911	3,057,907
Other receivable	8.2	22,875,747	18,535,747
		48,727,109	41,628,654

8.4 Ageing of hire receivable from customers

<i>In BDT</i>	2016	2015
Due within 3 months	722,784,063	493,772,156
Due over 3 months but within 6 months	586,864,732	369,879,940
Due over 6 months but within 9 months	278,703,401	200,668,021
Due over 9 months but within 12 months	71,836,872	65,976,657
Over 12 months	4,476,412	2,533,847
	1,664,665,480	1,132,830,621

8.5 Particulars of hire receivable from customers

<i>In BDT</i>	2016	2015
Secured - considered good:		
Debts due within 6 months	1,309,648,795	747,440,033
Debts due over 6 months	333,652,234	365,355,588
	1,643,301,029	1,112,795,621
Secured - considered doubtful:	21,364,451	20,035,000
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	-	-
	1,664,665,480	1,132,830,621



9. Cash and cash equivalents

See accounting policy in Note 39 (H)

<i>In BDT</i>	2016	2015
Cash in hand	30,697	33,803
Cash at bank	89,757,854	72,321,177
Cash in transit	62,640,763	31,530,127
	152,429,314	103,885,107

10. Share capital

See accounting policy in Note 39 (H)

Singer Bhold B.V., a majority and non-resident shareholders of Singer Bangladesh Limited has changed their name as Retail Holdings Bhold B.V.

<i>In BDT</i>	2016	2015
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:	2016		2015	
	No. of share	Value (Tk.)	No. of share	Value (Tk.)
Name of shareholder				
Retail Holdings Bhold B.V., The Netherlands	38,423,941	384,239,410	40,472,051	404,720,510
Retail Holdings Bhold B.V., The Netherlands - non-remittable shares	15,333,242	153,332,420	15,333,242	153,332,420
Local shareholders	22,937,308	229,373,080	20,889,198	208,891,980
	76,694,491	766,944,910	76,694,491	766,944,910

Beneficial percentage of holdings

	2016	2015
Name of shareholder		
Retail Holdings Bhold B.V., The Netherlands	50.10%	52.77%
Retail Holdings Bhold B.V., The Netherlands - non-remittable shares	20.00%	20.00%
Local shareholders	29.90%	27.23%
	100.00%	100.00%

Classification of shareholders by holding:

Shareholding range	Number of share holders		Total holding (%)	
	2016	2015	2016	2015
Less than 500 shares	7,803	10,973	1.65	2.40
500 to 5,000 shares	3,249	4,836	6.53	9.65
5,001 to 10,000 shares	251	331	2.42	3.05
10,001 to 20,000 shares	125	171	2.18	3.08
20,001 to 30,000 shares	51	64	1.68	2.09
30,001 to 40,000 shares	10	18	0.44	0.82
40,001 to 50,000 shares	14	9	0.82	0.53
50,001 to 100,000 shares	22	23	1.94	2.22
100,001 to 1,000,000 shares	20	11	7.25	3.39
Over 1,000,000 shares	4	2	75.09	72.77
	11,549	16,438	100.00	100.00



11. Reserves

<i>In BDT</i>	<i>Note</i>	2016	2015
Revaluation reserve	11.1	566,586,093	403,103,728
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
		585,380,060	421,897,695

11.1 Revaluation reserve

The lands of the Company were revalued as of 14 December 2016 by independent professional valuers, Asian Surveyors Ltd, following "current cost method", which were 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 BAS 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.

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 39 (D)

<i>In BDT</i>	<i>Note</i>	2016	2015
Opening balance		29,056,261	2,940,207
Released/(expense) during the year		4,744,022	(16,844,283)
Adjustment for changes of rate		-	39,011,712
Addition on revaluation of PPE	25.1	(3,895,410)	-
Adjustment on disposal of revalued PPE		-	238,432
Transferred to retained earnings		7,486,512	3,710,193
		8,335,124	26,116,054
Closing balance	12.1	37,391,385	29,056,261



12.1 Closing balance

<i>In BDT</i>	<i>Note</i>	2016	2015
Deferred tax assets	12.1.1	76,253,703	71,301,947
Deferred tax liabilities	12.1.2	(38,862,318)	(42,245,686)
		37,391,385	29,056,261

12.1.1 Deferred tax assets

<i>In BDT</i>	2016	2015
Provision for gratuity	27,404,500	32,376,750
Reserve against inventories	23,062,176	17,580,717
Reserve for warranty	13,605,250	10,937,317
Provision for bad debts	12,181,777	10,407,163
Property, plant and equipment	-	-
	76,253,703	71,301,947

12.1.2 Deferred tax liabilities

<i>In BDT</i>	2016	2015
Revaluation of land and building	(30,026,267)	(33,617,369)
Property, plant and equipment	(8,836,051)	(8,628,317)
	(38,862,318)	(42,245,686)

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

13. Retirement benefit obligations (gratuity)

See accounting policy in Note 39 (O)

<i>In BDT</i>	<i>Note</i>	2016	2015
Opening balance		129,507,000	120,160,000
Provision for the year		17,112,000	13,056,893
		146,619,000	133,216,893
Payments during the year		(37,001,000)	(3,709,893)
Closing balance	13.1	109,618,000	129,507,000

13.1 Closing balance

	Defined benefit obligation	
	2016	2015
Balance at 1 January	129,507,000	120,159,000
Included in profit or loss		
Current service cost	7,512,000	8,509,000
Interest cost (income)	9,065,000	12,016,000
	16,577,000	20,525,000
Measurements loss (gain):	535,000	(7,467,000)
Other		
Contributions paid by the employer	-	-
Benefits paid	(37,001,000)	(3,710,000)
	(37,001,000)	(3,710,000)
Balance at 31 December	109,618,000	129,507,000



14. Other liabilities

<i>In BDT</i>	<i>Note</i>	2016	2015
Non-remittable accounts	14.1	1,148,284,629	1,109,951,524
Security deposits from branch managers, agents and dealers		187,012,381	173,055,329
		1,335,297,010	1,283,006,853

14.1 Non-remittable accounts

<i>In BDT</i>	<i>Note</i>	2016	2015
Current account		(78)	(78)
Dividend account:			
Opening balance		1,109,471,612	1,005,205,561
Dividend for the year		38,333,105	104,266,051
Closing balance		1,147,804,717	1,109,471,612
Interest on non-remittable account:			
Opening balance		-	55,323,064
Addition for the year		-	-
Reversal of interest	22.1	-	(55,323,064)
Closing balance		-	-
Capital gain on sale of land		479,990	479,990
		1,148,284,629	1,109,951,524

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 letter dated 31 January 2016 from the Board of Retail Holdings Bhold B. V., it was decided not to charge interest on advances from Retail Holdings Bhold B.V. and accordingly the related interest accruals were reversed in 2015.

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.

15 Trade and other payables

See accounting policy in Note 39 (H)

<i>In BDT</i>	<i>Note</i>	2016	2015
Trade payables	15.1	327,502,660	130,331,469
Other payables	15.2	830,217,644	673,962,188
		1,157,720,304	804,293,657

15.1 Trade payables

<i>In BDT</i>	2016	2015
Trade payable	294,650,766	118,844,441
Freight and carriage and technicians bills payable	32,851,894	11,487,028
	327,502,660	130,331,469

15.2 Other payables

<i>In BDT</i>	<i>Note</i>	2016	2015
Payable for expenses	15.2.1	622,728,589	425,472,731
Royalty		97,935,552	163,277,284
Payable for other finance	15.2.2	96,497,759	83,238,202
Leasehold improvements against new shops		13,055,744	1,973,971
		830,217,644	673,962,188



15.2.1 Payable for expenses

<i>In BDT</i>	2016	2015
Advertisement and sales promotion	186,410,665	140,435,471
Reserve for early closing of hire sales	196,494,764	102,559,316
Shop rent	48,392,394	45,202,441
Warranty expenses	54,421,000	43,749,268
Reserve for allowable loss	66,653,672	34,410,630
Workers' profit participation and welfare fund allocation	41,030,308	27,211,220
Provision against duty	9,958,156	21,238,653
Utilities	5,000,000	3,000,000
Interest	3,210,000	-
Collecting expenses	3,841,396	2,838,883
Salary and benefits	3,648,694	1,989,932
Professional and technical fees	2,393,150	1,597,241
Selling expenses	814,390	839,676
Statutory audit fee	460,000	400,000
	622,728,589	425,472,731

15.2.2 Payable for other finance

<i>In BDT</i>	2016	2015
Unclaimed dividend	54,006,073	57,681,634
VAT payable - realised from customers	8,447,343	6,964,918
Withholding taxes	14,602,579	6,517,964
Advance from customers	6,451,183	2,865,106
Extended warranty, etc.	-	-
Employees provident fund	(10,633,761)	(7,735,603)
Others	23,624,342	16,944,183
	96,497,759	83,238,202

16. Short-term borrowings - secured

See accounting policy in Note 39 (H)

<i>In BDT</i>	2016	2015
Bank overdrafts	1,130,878,507	18,768,986
	1,130,878,507	18,768,986

These overdrafts are secured by hypothecation of Company's inventories, plant and machinery and receivables.

17. Current tax liabilities/(assets)

See accounting policy in Note 39 (D)

<i>In BDT</i>	2016	2015
Opening balance	(2,210,492)	1,627,466
Provision for the year	226,500,000	140,584,918
	224,289,508	142,212,384
Payments during the year	(216,078,786)	(135,422,876)
Adjustment for previous years	11,363,923	(9,000,000)
	19,574,645	(2,210,492)

The closing balance represents income tax payable, net of advance income tax (AIT) paid during the year.



18. Turnover

See accounting policy in Note 39 (A)

<i>In BDT</i>	2016	2015
Home appliance	6,214,654,534	4,862,958,445
Consumer electronic	2,065,091,556	1,421,815,996
Sewing	429,738,130	353,731,269
Furniture	158,645,759	74,813,691
Other	139,339,231	197,417,517
	9,007,469,210	6,910,736,918

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

18.1 Turnover includes the following

<i>In BDT</i>	2016	2015
Television under consumer electronic	1,895,211,369	1,421,512,393
Air conditioner under home appliance	1,087,110,940	791,997,711
Furniture	158,645,759	74,813,691
	3,140,968,068	2,288,323,795

19. Cost of sales

<i>In BDT</i>	Note	2016	2015
Opening inventory of raw materials		297,353,286	212,197,548
Purchased during the year		4,461,406,576	2,436,929,096
Closing inventory of raw materials		(549,879,061)	(297,353,287)
Raw materials consumption	19.1	4,208,880,801	2,351,773,357
Factory salaries and wages		50,836,150	41,369,428
Freight and carriage		15,290,862	33,604,135
Depreciation	3.1	19,500,734	21,078,256
Repairs and maintenance		6,693,806	3,847,944
Utilities		4,811,648	3,410,392
Bonus		3,337,927	3,004,976
Consumable stores		1,991,177	2,594,433
Gratuity		2,295,000	2,340,275
Employee benefits and recreation		3,310,442	2,080,739
Contribution to provident fund		1,798,235	1,687,046
Fuel and car maintenance		1,792,402	1,131,017
Insurance		778,956	754,448
Stationery		615,531	246,434
Conveyance and travelling		273,263	143,367
		113,326,133	117,292,890
Works cost (materials + manufacturing expenses)		4,322,206,934	2,469,066,247
Opening work-in-process		-	-
Closing work-in-process		-	-
Cost of production		4,322,206,934	2,469,066,247
Opening inventory of finished goods		900,432,874	1,373,493,201
Purchase/production of finished goods		2,893,251,137	2,125,591,021
		3,793,684,011	3,499,084,222
Closing inventory of finished goods	19.2	(1,702,110,048)	(900,432,874)
Cost of sales		6,413,780,897	5,067,717,595



Notes to the financial statements (continued)

19.1 Raw materials consumption

<i>In BDT</i>	Balance at 01 Jan 2016	Purchases during the year	Balance at 31 Dec 2016	Consumption during the year
<u>Imported</u>				
Television	64,915,264	1,195,572,241	(106,468,603)	1,154,018,902
Air conditioner	23,331,086	574,424,555	(59,165,081)	538,590,560
Others	204,925,379	2,520,275,355	(372,893,064)	2,352,307,670
	293,171,729	4,290,272,151	(538,526,748)	4,044,917,132
<u>Locally procured</u>				
Furniture	3,505,896	167,834,425	(11,272,893)	160,067,428
Television, Refrigerator and Other	675,661	3,300,000	(79,420)	3,896,241
	4,181,557	171,134,425	(11,352,313)	163,963,669
	297,353,286	4,461,406,576	(549,879,061)	4,208,880,801

19.2 Closing stock of finished goods

<i>In BDT</i>	2016	2015
Home appliance	1,025,127,122	537,002,294
Consumer electronic	399,661,556	208,888,755
Furniture	55,696,148	38,543,542
Sewing	53,966,752	28,428,253
Other	167,658,470	87,570,030
	1,702,110,048	900,432,874

20. Operating expenses

<i>In BDT</i>	Note	2016	2015
Advertisement and sales promotion		462,574,384	246,229,990
Shop operating expenses		298,022,149	225,833,214
Salaries and allowances		225,290,191	176,730,298
Rent and occupancy		171,909,567	155,073,844
Royalty	20.1	97,935,552	101,736,944
Warranty		84,243,344	75,898,244
Utilities		53,472,527	46,934,805
Depreciation	3.1	48,033,107	46,926,087
Bad debts		52,309,232	43,378,458
Office administration		48,745,817	41,355,557
Repairs and maintenance		30,588,813	30,766,364
Directors' fee and remuneration	20.2	13,882,111	30,194,404
Travelling		30,458,897	26,796,691
Amortisation	4	9,008,231	11,031,586
Bank charge		11,436,850	8,456,473
Insurance		6,110,939	8,193,080
Fuel and car maintenance		6,176,693	3,976,008
Professional and technical fees	20.3	5,152,800	3,439,654
Entertainment		3,949,386	2,653,837
Statutory audit fee		520,000	460,000
Dues and subscription		258,896	246,611
		1,660,079,486	1,286,312,149



20.1 Royalty

Manufactured products <i>In BDT</i>	Turnover from manufacturing units		Royalty charge for the year	
	2016	2015	2016	2015
Audio-video sets (television)	1,577,521,224	1,069,232,269	63,100,849	64,153,936
Air conditioner	719,962,003	556,324,882	28,798,480	33,379,493
Furniture	150,905,568	70,058,577	6,036,223	4,203,515
	2,448,388,795	1,695,615,728	97,935,552	101,736,944

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 2016.

20.2 Directors' fee and remuneration

<i>In BDT</i>	2016	2015
Remuneration	9,978,581	20,975,006
Housing	1,875,500	5,486,000
Retirement benefit scheme	1,465,878	2,824,017
Medical and welfare	331,652	529,381
Fees	230,500	380,000
	13,882,111	30,194,404

20.3 Professional and technical fees

<i>In BDT</i>	2016	2015
Legal and technical services	4,192,550	2,594,404
IFRS audit fees	920,000	805,000
Audit fees for provident fund, workers' profit participation fund etc.	40,250	40,250
	5,152,800	3,439,654

21. Net finance costs

<i>In BDT</i>	2016	2015
Finance income	9,840,369	1,574,678
Foreign exchange gain	-	327,485
Finance income	9,840,369	1,902,163
Interest expenses	(97,298,322)	(66,151,118)
	(87,457,953)	(64,248,955)

22. Other income/(loss)

<i>In BDT</i>	Note	2016	2015
Other income/(loss)	22.1	1,536,354	65,682,651
		1,536,354	65,682,651

22.1 Other income/(loss)

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

<i>In BDT</i>	Note	2016	2015
Reversal of interest accrued on non remittable dividend	14.1	-	55,323,064
Sale of scrapped inventories and others		1,690,132	10,054,360
Dividend income from CDBL		1,427,952	1,427,952
Gain/(loss) on sale of disposal of cable machinery		-	-
Gain/(loss) on sale of discarded fixed assets (Annexure - 1)		(1,581,730)	(1,122,725)
		1,536,354	65,682,651



23. 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.

24. Share of loss of equity-accounted investees, net of tax

<i>In BDT</i>	<i>Note</i>	2016	2015
Loss from International Appliances Limited	5.1	(27,081,070)	(13,916,492)
		(27,081,070)	(13,916,492)

25. Income tax expense

<i>In BDT</i>	<i>Note</i>	2016	2015
Current tax expense	17	226,500,000	140,584,918
Prior year's adjustments		11,363,923	(9,000,000)
Deferred tax (income)/expense	12 & 25.1	(4,610,272)	16,844,283
		233,253,651	148,429,201

25.1 Related tax

<i>In BDT</i>	<i>Note</i>	2016	2016	2016
		Before tax	Tax (expense) / benefit	Net of tax
Gain on revaluation of property, plant and equipment	3	171,922,000	(3,895,410)	168,026,590
Remeasurement of defined benefit liability	13.1	(535,000)	133,750	(401,250)
		171,387,000	(3,761,660)	167,625,340

26. Contingent liabilities

<i>In BDT</i>		2016	2015
(i)	Letters of credit	1,009,900,885	810,305,686
(ii)	Claims against the Company not acknowledged as debts	5,696,542	5,696,542
(iii)	Uncalled liability on partly paid shares/ arrears of fixed cumulative dividends on preference shares	-	-
(iv)	Aggregate amount of contracts for capital expenditure remaining to be executed and not provided for	-	-
(v)	Aggregate amount of any guarantees given by the company on behalf of directors, managing directors, or other officers of the company	-	-
(vi)	Money for which the Company is contingently liable for any guarantees given by banks	17,565,526	28,846,014
		1,033,162,953	844,848,242

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.



Notes to the financial statements (continued)

27. Capacity utilisation

Production	Measurement unit	Units			% of utilisation
		Annual installed capacity	Utilisation during the year	Over/(Under) utilisation	
Panel television	Number	80,000	89,829	9,829	112
CRT television	Number	20,000	17,774	(2,226)	89
Air conditioner	Sets	20,000	19,837	(163)	99
Furniture	Sets	5,300	4,957	(343)	94

28. Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of BDT 36,000 and above were 1,084 (2015: 1,064).

29. 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 2015 (final)	Retail Holdings Bhold B.V.	91,062,115	1,161,062
Royalty for the year 2015	Singer Asia Limited	81,389,556	1,021,327
Royalty for the year 2014	Singer Asia Limited	49,232,272	627,562

30. Earnings per share (EPS)

30.1 Basic earnings per share

	2016	2015
Earnings attributable to the ordinary shareholders	546,322,199	368,583,957
Weighted average number of ordinary shares outstanding	76,694,491	76,694,491
Basic earnings per share	7.12	4.81

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2016 in terms of Bangladesh Accounting Standard (BAS-33).

30.2 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.



31. Financial risk management

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 31.1)
- Liquidity risk (note 31.2)
- Market risk (note 31.3)

31.1 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 terms.

The maximum exposure to credit risk (note 31.1.1) is represented by the carrying amount of each financial asset in the statement of financial position.

31.1.1 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:

<i>In BDT</i>	2016	2015
Loans and receivables	1,538,442,838	1,042,142,492
Cash and cash equivalents	152,429,314	103,885,107
	1,690,872,152	1,146,027,599

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

<i>In BDT</i>	2016	2015
Domestic	1,538,442,838	1,042,142,492
	1,538,442,838	1,042,142,492

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

<i>In BDT</i>	2016	2015
Retail customers	1,422,550,286	949,764,502
Wholesale customers	72,795,208	33,437,777
Other	43,097,344	58,940,213
	1,538,442,838	1,042,142,492



Notes to the financial statements (continued)

31.1.2 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 is not recoverable at all.

The aging of receivables at the reporting date was:

<i>In BDT</i>	Gross 2016	Impairment 2016	Gross 2015	Impairment 2015
Not past due	1,671,956,557	1,621,391	1,123,486,745	6,397,167
Past due 1-30 days	46,785,065	1,099,114	44,576,861	595,641
Past due 31-120 days	39,869,615	7,860,561	51,413,384	10,185,620
Past due 121-365 days	49,309,453	38,146,043	27,325,275	24,450,226
More than one year	-	-	-	-
	1,807,920,690	48,727,109	1,246,802,265	41,628,654

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

<i>In BDT</i>	2016	2015
Opening balance	41,628,654	57,736,130
Allowance recognised for the year	47,037,453	43,378,458
	88,666,107	101,114,588
Allowance written off for the year	(39,938,998)	(59,485,934)
Closing balance	48,727,109	41,628,654



31.2 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:

<i>In BDT</i>	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 2016							
Non-derivative financial liabilities:							
Bank overdraft	1,130,878,507	1,178,689,998	982,169,212	196,520,786	-	-	-
Secured bank loans	-	-	-	-	-	-	-
Trade and other payables	1,157,720,304	1,157,720,304	1,059,784,752	97,935,552	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	2,288,598,811	2,336,410,302	2,041,953,964	294,456,338	-	-	-
As at 31 December 2015							
Non-derivative financial liabilities:							
Bank overdraft	18,768,986	239,306,500	21,748,050	217,558,450	-	-	-
Secured bank loans	-	-	-	-	-	-	-
Trade and other payables	804,293,658	804,293,658	702,556,714	101,736,944	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	823,062,644	1,043,600,158	724,304,764	319,295,394	-	-	-



Notes to the financial statements (continued)

31.3 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.

31.3.1 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 flow 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:

<i>In BDT</i>	2016	2015
Fixed rate instruments		
Fixed rate deposits at financial institution	-	-
Fixed rate loans and receivable (net hire receivable)	1,443,914,737	969,799,502
Other fixed rate instruments (assets)	-	-
Financial assets	1,443,914,737	969,799,502
Financial liabilities		
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	1,130,878,507	18,768,986
Variable rate loans	-	-
Variable rate debentures	-	-
Variable rate promissory notes	-	-
Other variable rate liabilities	182,985,381	169,663,329
Financial liabilities	1,313,863,888	188,432,315

31.3.1.1 Cash flow sensitivity analysis for variable rate instruments 2016

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 2016 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.



Notes to the financial statements (continued)

<i>In BDT</i>	Profit or loss		Equity	
	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
31 December 2016				
Other variable rate liabilities	(3,659,708)	3,659,708	(3,659,708)	3,659,708
Cash flow sensitivity	(3,659,708)	3,659,708	(3,659,708)	3,659,708

31.3.1.2 Cash flow sensitivity analysis for variable rate instruments 2015

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 2015 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

<i>In BDT</i>	Profit or loss		Equity	
	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
31 December 2015				
Other variable rate liabilities	(3,393,267)	3,393,267	(3,393,267)	3,393,267
Cash flow sensitivity	(3,393,267)	3,393,267	(3,393,267)	3,393,267

31.3.2 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:

<i>In USD</i>	2016	2015
Accounts payable trade	2,624,813	1,187,195

The following significant exchange rates are applied during the period:

<i>In BDT</i>	2016	2015
US Dollar	78.70	78.50

31.3.2.1 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.



Notes to the financial statements (continued)

<i>In BDT</i>	Profit or loss		Equity	
	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
31 December 2016				
Expenditures denominated in USD	(10,328,639)	10,328,639	(10,328,639)	10,328,639
Exchange rate sensitivity	(10,328,639)	10,328,639	(10,328,639)	10,328,639

<i>In BDT</i>	Profit or loss		Equity	
	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
31 December 2015				
Expenditures denominated in USD	(4,659,739)	4,659,739	(4,659,739)	4,659,739
Exchange rate sensitivity	(4,659,739)	4,659,739	(4,659,739)	4,659,739

32. Determination of fair value

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:

<i>In BDT</i>	Carrying amount 2016	Fair value 2016	Carrying amount 2015	Fair value 2015
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	1,538,442,838	1,422,050,221	1,042,142,492	965,594,660
Cash and cash equivalents	152,429,314	152,429,314	103,885,107	103,885,107
	1,690,872,152	1,574,479,535	1,146,027,599	1,069,479,767
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	1,157,720,304	N/A*	804,293,657	N/A*
Bank overdraft	1,130,878,507	1,130,878,507	18,768,986	18,768,986
	2,288,598,811	1,130,878,507	823,062,643	18,768,986



Notes to the financial statements (continued)

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:

	2016		2015	
	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 BFRS 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.

33. 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.

34. Related party disclosures under BAS-24

Related party transactions are disclosed in compliance with BAS-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:

34.1 Related party transactions

Read this note in conjunction with note no. 20.2.

Name of related parties	Relationship	Nature of transaction	2016 BDT	2015 BDT
Retail Holdings Bhold B.V., The Netherlands (formerly Singer Bhold B.V., The Netherlands)	Parent company	Dividend payment	101,180,128	251,997,952
Retail Holdings Asia B.V.	Subsidiary of ultimate parent	Royalty payment	97,935,552	-
Singer India Ltd.	Subsidiary of ultimate parent	Procurement of products	22,949,951	26,140,800
International Appliances Limited	Associates	Procurement of products	163,994,751	-
International Appliances Limited	Associates	Current account	193,757,288	1,460,386



Notes to the financial statements (continued)

34.2 Related party receivable/(payable)

Name of related parties	Relationship	Nature of transaction	2016 BDT	2015 BDT
Singer Asia Ltd.	Subsidiary of ultimate parent	Royalty payable Current account	-	(163,277,284)
Retail Holdings Asia B.V.	Subsidiary of ultimate parent	Royalty payable Current account	(97,935,552)	-
Singer Asia Ltd.	Subsidiary of ultimate parent	Current account	26,178,908	26,178,908
Singer India Ltd.	Subsidiary of ultimate parent	Procurement of products	(5,038,818)	-
International Appliances Limited	Associates	Procurement of products	(50,905,437)	-
International Appliances Limited	Associates	Current account	2,634,937	1,460,386

35. Events after the reporting period

The Board of Directors of the company has recommended a cash dividend of BDT 7.00 (70% per share of BDT 10 each) amounting to BDT 536,861,437 in its 224th board meeting dated 26 February 2017.

36. 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.



37. Standards adopted but not yet effective

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to standards during the year 2015. All previously adopted reporting standards are consistently applied by the Company to the extent relevant for the Company.

New standards	Summary of the requirements	Possible impact on financial statements
BFRS 9 Financial Instruments	<p>BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 "<i>Financial Instruments</i>": Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39.</p> <p>BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.</p>	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 9.
BFRS 14 Regulatory Deferral Accounts	<p>BFRS 14 specify the financial reporting requirements for regulatory deferral account balance that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.</p> <p>BFRS 14 is effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.</p>	None. The Company does not perform any activity that is subject to rate regulation.
BFRS 15 Revenue from Contracts with Customers	<p>BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including BAS 18 "<i>Revenue</i>", BAS 11 "<i>Construction Contracts</i>" and BFRIC 13 "<i>Customer Loyalty Programmes</i>."</p> <p>BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.</p>	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 15.
Agriculture: Bearer Plants (Amendments to BAS 16 and BAS 41)	<p>These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of BAS 16 "<i>Property, Plant and Equipment</i>", instead of BAS 41 Agriculture.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.</p>	None. The Company does not have any bearer plants.



Notes to the financial statements (continued)

38. 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.

39. 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	33
B. Finance income and finance costs	34
C. Foreign currency transactions	34
D. Income tax	34
E. Inventories	34
F. Property, plant and equipment	35
G. Intangibles	36
H. Financial instruments	36
I. Impairment	37
J. Provisions	37
K. Royalty	37
L. Warranty costs	38
M. Investments	38
N. Workers' profit participation fund	38
O. Employee benefit	38
P. Reporting period	39
Q. Earnings per share	39
R. Segment reporting	39
S. Statement of cash flows	39
T. Events after the reporting period	39

A. Revenue

Revenue from sale of goods

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 recognised 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 ordinarily is recognised at the time a transaction is completed. The charge to cover interest on unrealised instalments are taken to income as earned carrying charges after the instalments are received/collected.

Extended warranty

Revenue from the sale of separately priced extended warranty and product maintenance contracts is deferred and generally recognised in income on a straight-line basis. Costs that are directly related to the acquisition of those contracts are deferred and charged to expense in proportion to the revenue recognised.



Notes to the financial statements (continued)

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 BAS-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 2016.

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.

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 assess 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 BAS-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.

Increases 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 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. Land is not depreciated. The method is consistent with the Company's depreciation policy. Depreciation is charged on property plant and equipment from the month of acquisition and no depreciation is charged in the month of disposal.



Notes to the financial statements (continued)

The rates of depreciation, 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%

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 BFRS 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:

<u>Class of intangible assets</u>	<u>Useful life</u>
Computer software	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.

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.



Notes to the financial statements (continued)

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.

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 BAS 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.

K. Royalty

Royalty is payable to Retail Holdings Asia B.V. @ 4% (2015: 6% to Singer Aisa Ltd.) 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 20.1). The company is authorised to use the name "SINGER" as part of its corporate name.



Notes to the financial statements (continued)

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 Central Depository Bangladesh Ltd (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 comprises fixed deposit with bank maturity of six 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 charging 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.



Notes to the financial statements (continued)

Retirement benefit obligation (gratuity)

The Company operates an unfunded 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. 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 BAS-14: "Segment Reporting". A segment is a distinguishable component of the entity that is engaged in providing products within a particular economic environment which is subject to risks and rewards that are different from those of other segments. The entity's primary format for segment reporting is based on business segments. The business segments i.e., Home appliance, Consumer electronic, Sewing, Other and Furniture are determined based on entity's management and internal reporting structure. The Cable division's operation has been discontinued from previous year and its assets which were classified as held for sale have been sold during the year.

S. Statement of cash flows

Statement of Cash Flows (Cash Flow Statement) is prepared under direct method in accordance with BAS-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 35.



Singer Bangladesh Limited

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

For the year ended 31 December 2016

Particulars	Original cost	Accumulated depreciation	Net book value	Sales proceed	Gain/(Loss)	Mode of disposal
Plant & machinery	10,558,719	10,273,790	284,929	-	(284,929)	Adjustment/sold
Equipment	3,851,556	3,260,758	590,798	157,641	(433,157)	Adjustment/sold
Furniture	772,404	673,131	99,273	-	(99,273)	Adjustment/sold
Lease hold improvements	9,145,884	5,699,643	3,446,241	2,473,900	(972,341)	Adjustment/sold
Vehicles	13,271,902	10,457,468	2,814,434	3,022,404	207,970	Auction
	37,600,465	30,364,790	7,235,675	5,653,945	(1,581,730)	

