

**Singer Bangladesh Limited**

**Independent auditor's report and financial statements  
as at and for the year ended 31 December 2019**

**A. QASEM & CO.**

Chartered Accountants Since 1953

A member firm of  
Ernst & Young Global Limited



**Independent Auditor's Report****To the Shareholders of Singer Bangladesh Limited****Report on the Audit of the Consolidated and Separate Financial Statements****Opinion**

We have audited the consolidated financial statements of Singer Bangladesh Limited and its subsidiary (the "Group") as well as the separate financial statements of Singer Bangladesh Limited (the "Company"), which comprise the consolidated and separate financial position as at 31 December 2019, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as at 31 December 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

**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 Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and 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 judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our 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.



Key Audit Matters	How our audit addressed the key audit matters
<p><b>Revenue recognition (Refer to Note 40 (A) Statements)</b></p> <p>The Group/Company recognizes revenue when control of the goods is transferred to the customer at an amount that reflects the net consideration, which the Group/ Company expects to receive for those goods from customers. In determining the sales price, the Group/ Company considers the effect of rebates and discounts (variable consideration). During the year ended December 31, 2019 the Group/ Company has recognised revenues of BDT 15,485 million and BDT 15,485 million respectively.</p> <p>The terms of sales agreements, including the timing of transfer of control, based on the terms of relevant contract and nature of discount and rebates arrangements, create complexities that requires judgement in determining sales revenues.</p> <p>Considering the above factors and the risk associated with revenue recognition, we have determined the same to be a key audit matter.</p>	<p><b>(accounting policy) and note 20 to these Financial Statements)</b></p> <p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>1. We read the Group/Company’s revenue recognition policy and assessed its compliance in terms of IFRS 15 ‘Revenue from contracts with customers’;</li> <li>2. Performed sample tests of individual sales transaction and traced to sales invoices, sales orders and other related documents. In respect of the samples selected, we tested recognition of revenue based on underlying sales invoices, sales orders and other related documents;</li> <li>3. We selected a sample of invoices on which rebated and discounts were given and obtained the rebates and discount schemes approved by the management. We noted the accounting of rebates and discounts by the Group/ Company for the selected sample.</li> <li>4. Selected samples of sales transactions made pre and post year end, agreed the date of transfer of control for the selected sample by testing underlying documents including customers confirmation; and,</li> <li>5. Assessed the relevant disclosures made within the financial statements.</li> </ol>
<p><b>Provisioning for Inventory (Refer to Note 40 (E) Statements)</b></p> <p>The Group has recognised a total inventory provision of Taka 108,321 million (Company – Taka 108,321 million) in arriving at a total inventory value of Taka 4,398,390 million (Company – Taka 3,779,884 million).</p> <p>The Group has significant levels of inventories and significant management judgements are taken with regard to categorisation of inventories into obsolete and/or discontinued items which should therefore be considered for provision. Estimates are then involved in arriving at provisions against cost in respect of obsolete and/or discontinued inventories to arrive at valuation based on lower of cost and net realisable value.</p>	<p><b>(E) (accounting policy) and Note 8 to these Financial Statements)</b></p> <p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>1. We obtained and read the Group/ Company policy for making provision for inventory. We assessed the calculation methodology, the basis for provision and the process with respect to inventory provision.</li> <li>2. Recalculated the provision for inventory for a sample of inventory items included within the overall provision working and compared such recomputed amount with provision computed by the Group/Company.</li> <li>3. Tested for a sample of inventory items the lower of cost or net realisable value at the reporting date by comparing the sales prices of inventories subsequent</li> </ol>



Key Audit Matters	How our audit addressed the key audit matters
<p>Given the level of significant management judgements and estimates involved this is considered to be a key audit matter.</p>	<p>to the reporting date and compared the result to the inventory valuation provided by the Group/ Company.</p> <p>4. Assessed the relevant disclosures made within the financial statements.</p>
<p><b>Implementation of IFRS 16 -Leases (Refer to Note 40 (W), 2.6, 2.7 (accounting policy) and Note 5 to these Financial Statements)</b></p>	
<p>IFRS 16 – Leases’ becomes effective for annual reporting beginning on or after 1 January 2019 which replaces the existing standard IAS 17. The Group/Company decided to adopt the modified retrospective approach for the transition accounting. The application of the new lease standard resulted in the recognition, for the 01 January 2019 opening balance sheet, of right of use of asset of BDT 1,264 million (Company BDT 1,133 million) and an increase in lease liabilities of BDT 912 million (Company BDT 796 million).</p> <p>We considered the implementation of IFRS 16 Leases as a key audit matter, since the balances recorded are material, management had to apply several judgements and estimates such as lease term, discount rates, measurement basis among others and undertake a significant data extraction exercise to summarise the lease data for input into their lease calculation model.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>1. Obtained and read the accounting policy for compliance with IFRS 16</li> <li>2. Obtained listing of all contracts from the management and tested the contracts on a sample basis for impact under IFRS 16. In respect of the contracts selected for testing: <ul style="list-style-type: none"> <li>• Obtained and read bank borrowing rates correspondences</li> <li>• Tested the assumptions used in the calculation model for the sample contracts selected for testing</li> <li>• Performed test of details on a sample basis on different categories of lease for valuation of the right of use of asset and lease liability</li> </ul> </li> <li>3. Assessed the disclosures within the financial statements.</li> </ol>

**Other Information**

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.





If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements 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 consolidated and separate financial statements

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group / 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 Group's and 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 consolidated and separate 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and Company audit. We remain solely responsible for our audit opinion.

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.

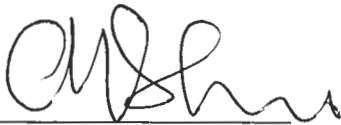
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report 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 and relevant notifications issued by Bangladesh Securities and Exchange Commission, 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 accounts as required by law have been kept by the Group and the Company so far as it appeared from our examination of these books;
- c) the consolidated and the separate statements 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 was for the purposes of the Group's and the Company's business.



**A. Qasem & Co.**  
*Chartered Accountants*

Dhaka, 17 February 2020




Singer Bangladesh Limited  
Statement of financial position

In BDT	Note	Consolidated		Company	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
<b>Assets</b>					
Property, plant and equipment	3	1,420,024,293	1,411,211,583	1,088,581,106	1,051,032,994
Intangible assets	4	29,765,141	35,472,985	29,664,990	35,360,822
Right-of-use (ROU) asset	5	1,448,941,241	-	1,340,068,314	-
Investments	6	4,199,450	4,199,450	650,998,506	355,987,045
Deferred tax assets	13	-	26,507,800	43,667,319	45,639,652
Deposits and prepayments	7	36,228,957	337,712,006	23,160,298	325,807,679
<b>Non-current assets</b>		<b>2,939,159,082</b>	<b>1,815,103,824</b>	<b>3,176,140,533</b>	<b>1,813,828,192</b>
Inventories	8	4,398,389,858	3,897,325,730	3,779,883,956	3,331,004,600
Trade and other receivables	9	2,471,880,052	2,225,136,036	2,513,546,473	2,343,454,268
Advances, deposits and prepayments	7	212,030,470	256,024,530	156,219,658	213,772,718
Current tax assets	19	128,507,136	98,490,242	-	-
Cash and cash equivalents	10	181,712,093	195,070,348	180,580,885	194,380,687
<b>Current assets</b>		<b>7,392,519,609</b>	<b>6,672,046,886</b>	<b>6,630,230,972</b>	<b>6,082,612,273</b>
<b>Total assets</b>		<b>10,331,678,691</b>	<b>8,487,150,710</b>	<b>9,806,371,505</b>	<b>7,896,440,465</b>
<b>Equity</b>					
Share capital	11	997,028,380	766,944,910	997,028,380	766,944,910
Reserves	12	569,134,429	573,075,690	569,134,429	573,075,690
Retained earnings		1,625,912,265	971,039,498	1,851,331,233	977,927,706
<b>Equity attributable to owners of the Company</b>		<b>3,192,075,074</b>	<b>2,311,060,098</b>	<b>3,417,494,042</b>	<b>2,317,948,306</b>
Non-controlling interest		-	66,518,445	-	-
<b>Total equity</b>		<b>3,192,075,074</b>	<b>2,377,578,543</b>	<b>3,417,494,042</b>	<b>2,317,948,306</b>
<b>Liabilities</b>					
Long term debt	18	25,682,777	37,150,985	-	-
Deferred Tax Liability	13	1,110,395	-	-	-
Lease liability (non-current portion)	5	896,938,482	-	821,361,558	-
Other liabilities	15	1,723,651,660	1,688,064,652	1,723,651,660	1,688,064,652
<b>Non-current liabilities</b>		<b>2,647,383,314</b>	<b>1,725,215,637</b>	<b>2,545,013,218</b>	<b>1,688,064,652</b>
Trade and other payables	16	2,386,901,238	1,646,432,946	1,882,191,451	1,712,236,302
Short-term borrowings - secured	17	1,961,093,776	2,729,201,744	1,746,861,938	2,119,372,532
Lease liability (current portion)	5	132,757,081	-	108,452,431	-
Current tax liabilities	19	-	-	106,358,425	58,818,673
Short term portion of long term debt	18	11,468,208	8,721,840	-	-
<b>Current liabilities</b>		<b>4,492,220,303</b>	<b>4,384,356,530</b>	<b>3,843,864,245</b>	<b>3,890,427,507</b>
<b>Total equity and liabilities</b>		<b>10,331,678,691</b>	<b>8,487,150,710</b>	<b>9,806,371,505</b>	<b>7,896,440,465</b>
<b>Net Asset Value (NAV) per share</b>	36	<b>32.02</b>	23.18	<b>34.28</b>	23.25


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.

  
A. Qasem & Co.  
Chartered Accountants

Dhaka, 17 February 2020



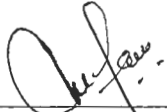


Singer Bangladesh Limited  
Statement of profit or loss and other comprehensive income

In BDT	Note	For the period year 31 December			
		Consolidated		Company	
		2019	2018	2019	2018
Sales		15,370,867,488	13,467,035,283	15,370,867,488	13,467,035,283
Earned carrying charges		114,367,991	92,214,224	114,367,991	92,214,224
Turnover	20	15,485,235,479	13,559,249,507	15,485,235,479	13,559,249,507
Cost of sales	21	(11,131,991,883)	(9,799,164,928)	(11,261,457,976)	(9,932,975,652)
Gross profit		4,353,243,596	3,760,084,579	4,223,777,503	3,626,273,855
Operating expenses	22	(2,556,920,102)	(2,269,575,658)	(2,520,519,873)	(2,239,943,627)
Other income/(loss)	24	154,708,430	168,795,783	143,099,823	159,442,614
Operating profit		1,951,031,924	1,659,304,704	1,846,357,453	1,545,772,842
Finance income		307,831	624,370	307,831	624,370
Finance costs		(403,631,459)	(319,292,407)	(340,233,543)	(254,724,883)
Net finance costs	23	(403,323,628)	(318,668,037)	(339,925,712)	(254,100,513)
Profit before contribution to workers' profit participation fund		1,547,708,296	1,340,636,667	1,506,431,741	1,291,672,329
Contribution to workers' profit participation fund	25	(77,335,951)	(65,702,515)	(75,321,587)	(64,583,616)
Profit before taxation		1,470,372,345	1,274,934,152	1,431,110,154	1,227,088,713
Income tax expense	26	(438,572,792)	(354,035,183)	(396,536,039)	(326,935,300)
Profit after tax		1,031,799,553	920,898,969	1,034,574,115	900,153,413
Profit attributable to					
Equity holders of the Company (SBL)		1,031,799,553	917,544,807	-	-
Non-controlling interest		-	3,354,162	-	-
		1,031,799,553	920,898,969	-	-
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit liability	14.1	(759,500)	(2,347,000)	(759,500)	(2,347,000)
Related tax	26.2	189,875	586,750	189,875	586,750
		(569,625)	(1,760,250)	(569,625)	(1,760,250)
Total comprehensive income for the year		1,031,229,928	919,138,719	1,034,004,490	898,393,163
Total comprehensive income attributable to:					
Equity holders of the Company (SBL)					
Profit after tax		1,031,799,553	917,544,807	-	-
Other comprehensive income		(569,625)	(1,760,250)	-	-
		1,031,229,928	915,784,557	-	-
Non-controlling interest					
Profit after tax		-	3,354,162	-	-
Other comprehensive income		-	-	-	-
		-	3,354,162	-	-
Total comprehensive income for the year		1,031,229,928	919,138,719	-	-
Earnings per share (EPS)	31	10.35	9.24	10.38	9.03

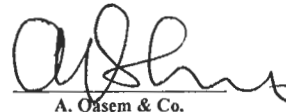
The annexed notes are an integral part of these financial statements.

  
Mohamed Haniffa Mohamed Fairouz  
Managing Director

  
Dr. Syed Ferhat Anwar  
Director

  
Mohammad Sanoullah  
Company Secretary

As per our report of same date.

  
A. Qasem & Co.  
Chartered Accountants

Dhaka, 17 February 2020



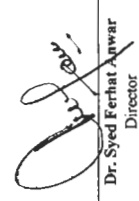
Singer Bangladesh Limited  
Statement of changes in equity-consolidated

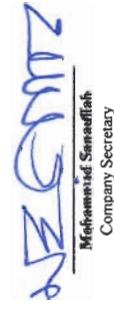
For the year ended 31 December 2019

In BDT	Attributable to owners of the Company							Total equity	
	Share capital	Revaluation reserve	Capital reserve	Non-remittable special capital reserve	Non-distributable special reserve	Retained earnings	Total		
Balance at 1 January 2019	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
Total comprehensive income	-	-	-	-	-	1,031,799,553	1,031,799,553	-	1,031,799,553
Profit	-	-	-	-	-	76,208,454	76,208,454	-	76,208,454
Adjustment For IFRS 16	-	-	-	-	-	(228,493,016)	(228,493,016)	-	(228,493,016)
Acquisition of business	-	-	-	-	-	(569,625)	(569,625)	-	(569,625)
Other comprehensive income	-	-	-	-	-	878,945,566	878,945,566	-	878,945,566
Total comprehensive income for the year	-	-	-	-	-	878,945,566	878,945,566	-	878,945,566
Transaction with owners of the Company	-	-	-	-	-	-	-	-	-
Contributions and distributions	-	-	-	-	-	-	-	-	-
Dividends:	-	-	-	-	-	-	-	-	-
Stock dividend - 2018	230,083,470	-	-	-	-	(230,083,470)	-	-	-
Total contributions and distributions	230,083,470	-	-	-	-	(230,083,470)	-	-	-
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	-	-	-	-	2,069,610	2,069,610	-	2,069,610
Transfer of depreciation on revaluation surplus	-	(3,941,261)	-	-	-	3,941,261	-	-	-
Balance at 31 December 2019	997,028,380	550,340,462	18,190,942	370,178	232,847	1,625,912,265	3,192,075,074	-	3,192,075,074
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	-	-	-	-	-	917,544,807	917,544,807	3,354,161	920,898,968
Profit	-	-	-	-	-	(1,760,250)	(1,760,250)	-	(1,760,250)
Other comprehensive income	-	-	-	-	-	915,784,557	915,784,557	3,354,161	919,138,718
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	-	-	-
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

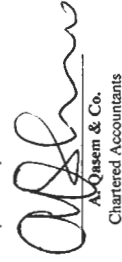
The annexed notes are an integral part of these financial statements.

  
Md. Saifur Rahman  
Managing Director

  
Dr. Syed Ferhat Anwar  
Director

  
Md. Saifur Rahman  
Company Secretary

As per our report of same date.

  
A. Qasem & Co.  
Chartered Accountants



Dhaka, 17 February 2020

Singer Bangladesh Limited  
Statement of changes in equity-company

For the year ended 31 December 2019						
In BDT	Share capital	Revaluation reserve	Capital reserve	Non-remittable special reserve	Non-distributable special reserve	Total equity
Balance at 1 January 2019	766,944,910	554,281,723	18,190,942	370,178	232,847	2,317,948,306
Total comprehensive income	-	-	-	-	-	1,034,574,115
Profit	-	-	-	-	-	63,471,636
Adjustment for IFRS 16	-	-	-	-	-	(569,625)
Other comprehensive income	-	-	-	-	-	1,097,476,126
Total comprehensive income for the year	-	-	-	-	-	1,034,574,115
Transaction with owners of the Company						
Contributions and distributions						
Dividends:						
Stock dividend - 2018	230,083,470	-	-	-	-	(230,083,470)
Total contributions and distributions	230,083,470	-	-	-	-	(230,083,470)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	-	-	-	-	2,069,610
Transfer of depreciation on revaluation surplus	-	(3,941,261)	-	-	-	3,941,261
Balance at 31 December 2019	997,028,380	550,340,462	18,190,942	370,178	232,847	3,417,494,042
Balance at 1 January 2018	766,944,910	559,063,709	18,190,942	370,178	232,847	2,184,546,451
Total comprehensive income	-	-	-	-	-	900,153,413
Profit	-	-	-	-	-	(1,760,250)
Other comprehensive income	-	-	-	-	-	898,393,163
Total comprehensive income for the year	-	-	-	-	-	900,153,413
Transaction with owners of the Company						
Contributions and distributions						
Dividends:						
Cash dividend - 2017	-	-	-	-	-	(766,944,910)
Total contributions and distributions	-	-	-	-	-	(766,944,910)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	-	-	-	-	1,953,602
Transfer of depreciation on revaluation surplus	-	(4,781,986)	-	-	-	4,781,986
Balance at 31 December 2018	766,944,910	554,281,723	18,190,942	370,178	232,847	2,317,948,306

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

Mohamed Haniifa Mohamed Fairouz  
Managing Director

Dr. Syed Ferhat Anwar  
Director

Mohammad Sapaullah  
Company Secretary

As per our report of same date.

Dhaka, 17 February 2020

A. Qasem & Co.  
Chartered Accountants



Singer Bangladesh Limited  
Statement of cash flows

In BDT	Note	For the year ended 31 December			
		Consolidated		Company	
		2019	2018	2019	2018
<b>Cash flows from operating activities</b>					
Collections from turnover and other income		17,882,904,003	15,225,152,372	17,871,295,396	15,358,699,740
Payments for costs and expenses		(15,547,756,314)	(14,883,258,933)	(16,128,102,729)	(14,677,895,970)
Interest paid on borrowings/lease		(474,774,584)	(321,027,197)	(420,277,522)	(256,600,513)
Payments to workers' profit participation fund		(65,702,515)	(63,546,177)	(64,583,617)	(54,908,907)
Income tax paid		(439,657,737)	(422,084,817)	(345,710,200)	(328,347,873)
<b>Net cash from operating activities</b>	37	<b>1,355,012,853</b>	<b>(464,764,752)</b>	<b>912,621,329</b>	<b>40,946,477</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment		(128,903,688)	(107,203,261)	(118,738,597)	(87,149,225)
Investment in subsidiary		(228,493,016)	-	(228,493,016)	-
Dividend received from CDBL		1,427,953	1,427,953	1,427,953	1,427,953
Proceeds from sale of property, plant and equipment		3,054,945	2,014,152	3,054,945	2,014,152
<b>Net cash from/(used in) investing activities</b>		<b>(352,913,806)</b>	<b>(103,761,156)</b>	<b>(342,748,715)</b>	<b>(83,707,120)</b>
<b>Cash flows from financing activities</b>					
Long term loan received/(payment)		(8,721,840)	45,872,825	-	-
Lease liability (principal repayment)		(232,321,717)	-	(204,856,045)	-
Dividends paid		(6,305,777)	(627,373,112)	(6,305,777)	(627,373,112)
<b>Net cash used in financing activities</b>		<b>(247,349,334)</b>	<b>(581,500,287)</b>	<b>(211,161,822)</b>	<b>(627,373,112)</b>
<b>Net increase/(decrease) in cash</b>		<b>754,749,713</b>	<b>(1,150,026,195)</b>	<b>358,710,792</b>	<b>(670,133,755)</b>
Cash and cash equivalents at 1 January		(2,534,131,396)	(1,384,105,201)	(1,924,991,845)	(1,254,858,090)
<b>Cash and cash equivalents at 31 December</b>		<b>(1,779,381,683)</b>	<b>(2,534,131,396)</b>	<b>(1,566,281,053)</b>	<b>(1,924,991,845)</b>
<b>Closing cash and cash equivalents have been arrived at as follows:</b>					
Cash and cash equivalents	10	181,712,093	195,070,348	180,580,885	194,380,687
Short-term borrowings - secured (bank overdrafts)	17	(1,961,093,776)	(2,729,201,744)	(1,746,861,938)	(2,119,372,932)
		(1,779,381,683)	(2,534,131,396)	(1,566,281,053)	(1,924,991,845)
<b>Net operating cash flow per share (NOCFPS)</b>	37.1	<b>13.59</b>	<b>(4.66)</b>	<b>9.15</b>	<b>0.41</b>

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

  
Mohamed Haniffa Mohamed Fairuz  
Managing Director

  
Dr. Syed Ferhat Anwar  
Director

  
Mohammad Samaulah  
Company Secretary

As per our report of same date.

  
A. Ousem & Co.  
Chartered Accountants

Dhaka, 17 February 2020





# **Singer Bangladesh Limited**

## **Notes to the financial statements**

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### **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 the 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 the 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. On 27 February 2019 it became fully owned subsidiary of Singer Bangladesh Limited. 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 the brand of "Singer" for exclusive marketing by Singer Bangladesh Limited. The manufacturing plant of the Company is situated at Mousa Koulashur, Hemayetpur, Savar, Dhaka,

### **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 management has authorised these financial statements on 7 February 2020.

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.

#### **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.



**Singer Bangladesh Limited**  
**Notes to the financial statements**

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**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 8 Inventories
- Note 9.3 Provision for doubtful debts
- Note 13 Deferred tax assets
- Note 16 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:

<i>In BDT</i>	2019	2018
Home appliances	11,049,796,056	9,267,309,279
Consumer electronics	2,554,800,768	2,720,851,242
Sewing machines	792,425,321	487,092,743
Other appliances	919,011,603	835,037,684
<b>Appliances segment total</b>	<b>15,316,033,747</b>	<b>13,310,290,948</b>

***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.



## **Singer Bangladesh Limited**

### **Notes to the financial statements (continued)**

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#### **2.6 Initial application of new standard**

The Group has initially applied IFRS 16 from 1 January 2019. Due to the transition methods chosen by the Group in applying the standard, comparative information throughout these financial statements has not been restated to reflect the requirements of this new standard.

#### **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 lease.

As a lessee, the Group applies IFRS 16 initially on 1 January 2019, to all contracts entered into before 1 January 2019 and which were identified as leases in accordance with IAS 17 and IFRIC 4, 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 applies IFRS 16 to all contracts entered into on or after 1 January 2019, considering exemption criterias of the new standard as applicable.

The new standard has material effect on the Group's financial statements which are described in Note 2.7.

For additional information about the Group's accounting policies relating to leases, see Note 5(A).



Singer Bangladesh Limited  
Notes to the financial statements (continued)

**2.7 Changes in accounting policies**

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

The Group applied IFRS 16 with a date of initial application of 1 January 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. The details of the changes in accounting policies are disclosed below.

**A. Definition of a lease**

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 5(A).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease.

**B. As a lessee**

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for all applicable leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to short-term leases as applicable (see Note 5(A)). For leases of other assets, which were classified as operating under IAS 17, the Group recognised right-of-use assets and lease liabilities.

**I. Leases classified as operating leases under IAS 17**

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

**II. Leases previously classified as finance leases**

The Group has no finance lease.

**C. Impacts on financial statements**

On transition to IFRS 16, the Group recognised BDT 1,263,877,923 right-of-use assets and BDT 911,865,400 lease liabilities.

IFRS 16.C12(a) when measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 10%.

<i>In BDT</i>	<i>Note</i>	<b>Consolidated</b> 1 January 2019	<b>Company</b> 1 January 2019
Operating lease commitment at 31 December 2018		1,321,139,895	1,175,082,378
Discounted using the incremental borrowing rate at 1 January 2019		911,865,400	795,552,032
Finance lease liabilities recognised as at 31 December 2018		-	-
Adjustments for recognition exemption and others		-	-
<b>Lease liabilities recognised at 1 January 2019</b>		<b>911,865,400</b>	<b>795,552,032</b>





**Singer Bangladesh Limited**  
Notes to the financial statements (continued)

**3 Property, plant and equipment**  
**3.1 Property, plant and equipment-consolidated**

See accounting policy in Note 40 (F)

In BDT	Building		Leasehold improvements		Plant and machinery	Vehicles	Furniture and fixtures	Equipment and tools	CWIP (Note 3.3)	Total
	Office	Factory	Office	Shops						
<b>Cost</b>										
Balance at 1 January 2019	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
Additions	172,063	-	4,546,897	62,213,211	797,601	15,598,032	8,493,142	36,865,034	3,385,453	132,071,433
Revaluation	-	-	-	-	(483,761)	(4,872,735)	(40,625)	(9,765,481)	(4,482,825)	(28,350,107)
Disposals/transfers	-	-	(1,119,805)	(7,584,874)	485,947,654	125,643,814	29,582,866	243,467,462	3,385,453	2,335,344,566
<b>Balance at 31 December 2019</b>	<b>87,714,677</b>	<b>231,046,412</b>	<b>24,275,381</b>	<b>543,100,848</b>	<b>485,947,654</b>	<b>125,643,814</b>	<b>29,582,866</b>	<b>243,467,462</b>	<b>3,385,453</b>	<b>2,335,344,566</b>
Balance at 1 January 2018	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
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	-	-	-	-	(201,308)	(1,150,000)	-	(11,518,333)	(63,699,911)	(89,371,550)
Disposals/transfers	-	-	-	(9,324,711)	485,633,814	114,918,517	21,130,349	216,367,909	4,482,825	2,231,623,240
<b>Balance at 31 December 2018</b>	<b>87,542,614</b>	<b>231,046,412</b>	<b>20,848,289</b>	<b>488,472,511</b>	<b>485,633,814</b>	<b>114,918,517</b>	<b>21,130,349</b>	<b>216,367,909</b>	<b>4,482,825</b>	<b>2,231,623,240</b>
<b>Accumulated depreciation</b>										
Balance at 1 January 2019	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
Depreciation for the year	3,860,595	6,446,825	2,408,771	29,573,424	39,452,416	9,322,557	1,141,500	20,468,692	-	112,674,780
Adjustment for disposal/transfers	-	-	-	(4,821,071)	(478,055)	(4,176,934)	(39,675)	(8,250,429)	-	(17,766,164)
<b>Balance at 31 December 2019</b>	<b>52,926,306</b>	<b>197,090,069</b>	<b>15,718,812</b>	<b>251,196,844</b>	<b>164,453,492</b>	<b>79,853,895</b>	<b>12,810,389</b>	<b>141,270,466</b>	<b>-</b>	<b>915,320,273</b>
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
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)
<b>Balance at 31 December 2018</b>	<b>49,065,711</b>	<b>190,643,244</b>	<b>13,310,041</b>	<b>226,444,491</b>	<b>125,479,131</b>	<b>74,708,272</b>	<b>11,708,564</b>	<b>129,052,203</b>	<b>-</b>	<b>820,411,657</b>
<b>Carrying amounts</b>										
At 31 December 2019	34,788,371	33,956,343	8,556,569	291,904,004	321,494,162	45,789,919	16,772,477	102,196,996	3,385,453	1,420,024,293
At 31 December 2018	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
At 1 January 2018	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



**Singer Bangladesh Limited**  
Notes to the financial statements (continued)

**3.2 Property, plant and equipment-company**

See accounting policy in Note 40 (F)

In BDT	Building		Leasehold improvements		Plant and machinery	Vehicles	Furniture and fixtures	Equipment and tools	CWIP (Note 3.3)	Total
	Office	Factory	Office	Shops						
<b>Cost</b>										
Balance at 1 January 2019	561,180,000	87,542,614	221,377,967	19,219,625	66,914,172	112,054,881	16,766,455	202,111,809	4,482,824	1,780,122,858
Additions	-	172,063	-	4,546,897	797,601	9,335,174	8,117,237	35,918,641	1,051,441	121,664,328
Revaluation	-	-	-	(1,119,805)	(483,761)	(4,872,735)	(40,625)	(9,523,464)	(4,482,824)	(28,108,089)
Disposals/transfers	-	-	-	22,646,717	67,228,012	116,517,320	24,843,067	228,506,986	1,051,441	1,873,679,097
<b>Balance at 31 December 2019</b>	<b>561,180,000</b>	<b>87,714,677</b>	<b>221,377,967</b>	<b>22,646,717</b>	<b>67,228,012</b>	<b>116,517,320</b>	<b>24,843,067</b>	<b>228,506,986</b>	<b>1,051,441</b>	<b>1,873,679,097</b>
Balance at 1 January 2018	561,180,000	78,468,253	220,000,371	16,428,208	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	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)
<b>Balance at 31 December 2018</b>	<b>561,180,000</b>	<b>87,542,614</b>	<b>221,377,967</b>	<b>19,219,625</b>	<b>66,914,172</b>	<b>112,054,881</b>	<b>16,766,455</b>	<b>202,111,809</b>	<b>4,482,824</b>	<b>1,780,122,858</b>
<b>Accumulated depreciation</b>										
Balance at 1 January 2019	-	49,065,711	189,143,859	11,993,667	40,687,168	74,094,636	10,888,661	126,771,671	-	729,089,864
Depreciation for the year	-	3,860,596	6,446,825	972,992	5,378,333	8,466,115	698,412	19,114,766	-	73,692,244
Adjustment for disposal/transfers	-	-	-	-	(478,955)	(4,176,934)	(39,675)	(8,168,382)	-	(17,684,117)
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>52,926,307</b>	<b>195,590,684</b>	<b>12,966,659</b>	<b>45,587,446</b>	<b>78,383,817</b>	<b>11,547,398</b>	<b>137,718,055</b>	<b>-</b>	<b>785,097,991</b>
Balance at 1 January 2018	-	45,126,587	181,116,597	11,360,797	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	6,282,996	9,492,802	648,133	16,277,195	-	71,996,043
Adjustment for disposal/transfers	-	-	-	-	(199,435)	(1,109,538)	(2,818,168)	(10,004,361)	-	(18,734,395)
<b>Balance at 31 December 2018</b>	<b>-</b>	<b>49,065,711</b>	<b>189,143,859</b>	<b>11,993,667</b>	<b>40,687,168</b>	<b>74,094,636</b>	<b>10,888,661</b>	<b>126,771,671</b>	<b>-</b>	<b>729,089,864</b>

**Carrying amounts**

At 31 December 2019	561,180,000	34,788,370	25,787,283	9,680,058	21,640,566	38,133,503	13,295,669	90,788,931	1,051,441	1,088,581,106
At 31 December 2018	561,180,000	38,476,903	32,234,108	7,225,958	26,227,004	37,960,245	5,877,794	75,340,138	4,482,824	1,051,032,994
At 1 January 2018	561,180,000	33,341,666	38,883,774	5,067,411	242,494,624	47,316,509	5,932,463	71,612,535	10,754,735	1,046,463,051



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**3.3 Capital work in progress (CWIP)**

<i>In BDT</i>	Consolidated			Company			
	Leasehold improvements	Machinery	Building	Total	Leasehold improvements	Building	Total
<b>Cost</b>							
Balance at 1 January 2019	4,482,825	-	-	4,482,825	4,482,825	-	4,482,825
Additions	1,051,441	2,334,012	-	3,385,453	1,051,441	-	1,051,441
Disposals/transfers	(4,482,825)	-	-	(4,482,825)	(4,482,825)	-	(4,482,825)
<b>Balance at 31 December 2019</b>	<b>1,051,441</b>	<b>2,334,012</b>	<b>-</b>	<b>3,385,453</b>	<b>1,051,441</b>	<b>-</b>	<b>1,051,441</b>
<b><i>In BDT</i></b>	<b>Leasehold improvements</b>	<b>Machinery</b>	<b>Building</b>	<b>Total</b>	<b>Leasehold improvements</b>	<b>Building</b>	<b>Total</b>
<b>Cost</b>							
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
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)
<b>Balance at 31 December 2018</b>	<b>4,482,825</b>	<b>-</b>	<b>-</b>	<b>4,482,825</b>	<b>4,482,825</b>	<b>-</b>	<b>4,482,825</b>

**3.4 Allocation of depreciation**

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Cost of sales	21	53,568,070	54,344,637	14,608,977	16,694,616
Operating expenses	22	59,106,709	55,319,178	59,083,263	55,301,427
		<b>112,674,779</b>	<b>109,663,815</b>	<b>73,692,240</b>	<b>71,996,043</b>



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**4 Intangible assets**

<i>In BDT</i>	Consolidated		Company	
	Software		Software	
	2019	2018	2019	2018
<b>Cost</b>				
Balance at 1 January	74,325,531	70,415,012	74,205,356	70,415,012
Additions	1,557,050	3,910,519	1,557,050	3,790,344
Disposals/transfers	-	-	-	-
<b>Balance at 31 December</b>	<b>75,882,581</b>	<b>74,325,531</b>	<b>75,762,406</b>	<b>74,205,356</b>
<b>Accumulated amortisation</b>				
Balance at 1 January	38,852,546	30,872,948	38,844,534	30,872,948
Amortisation for the year	7,264,894	7,979,598	7,252,882	7,971,586
Adjustment for disposal/transfers	-	-	-	-
<b>Balance at 31 December</b>	<b>46,117,440</b>	<b>38,852,546</b>	<b>46,097,416</b>	<b>38,844,534</b>

**Carrying amounts**

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
<b>At 31 December</b>	<b>29,765,141</b>	<b>35,472,985</b>	<b>29,664,990</b>	<b>35,360,822</b>





**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

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**5 Leases**

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in Note 2.7.

**A. Significant accounting policy**

*Policy applicable from 1 January 2019*

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

*Policy applicable before 1 January 2019*

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.



**i. As a lessee**

The Group recognises a right-of-use asset and a lease liability (for its retail stores / showrooms, warehouses, service centers, factories and other offices facilities) at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities in the statement of financial position (see (B)).

**Short-term leases and leases of low-value assets**

Currently the Group has no such short-term lease or lease of low value asset. The Group will not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group will recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term as applicable.

**Under IAS 17**

The Group has no finance lease.

In the comparative period, assets held under operating leases were not recognised in the Group's statement of financial position. 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.

**ii. As a lessor**

There is no such lease for which the Group is a lessor.

**B. As a lessee**

The Group leases retail stores / showrooms, warehouses, service centers, factories and other offices facilities as operating leases.

<i>In BDT</i>	<i>Note</i>	<b>Consolidated 2019</b>	<b>Company 2019</b>
<b>Right-of-use assets</b>		<b>1,448,941,241</b>	<b>1,340,068,314</b>



Information about leases for which the Group is a lessee is presented below.

**Right-of-use assets**

<i>In BDT</i>	<i>Note</i>	Consolidated 2019	Company 2019
Balance at 1 January		1,263,877,923	1,133,197,215
Addition during the period		428,294,025	419,426,202
Depreciation charge for the period		243,230,707	212,555,103
Balance at 31 December		1,448,941,241	1,340,068,314

**Lease liabilities**

<i>In BDT</i>	<i>Note</i>	Consolidated 2019	Company 2019
<b>Maturity analysis – contractual undiscounted cash flows</b>			
Less than one year		237,841,230	204,642,359
One to five years		909,301,060	823,715,495
More than five years		391,301,976	391,301,976
<b>Total undiscounted lease liabilities at 31 December</b>		<b>1,538,444,266</b>	<b>1,419,659,830</b>
Lease liabilities included in the statement of financial position at 31 December		1,029,695,563	929,813,989
Current		132,757,081	108,452,431
Non-current		896,938,482	821,361,558

**Amounts recognised in profit or loss**

<i>In BDT</i>	<i>Note</i>	Consolidated 2019	Company 2019
Interest on lease liabilities		88,741,942	77,851,810

**Amounts recognised in the statement of cash flows**

<i>In BDT</i>	<i>Note</i>	Consolidated 2019	Company 2019
Total cash outflow for leases		310,173,527	282,707,855

The Group enters into lease contracts for its retail stores / showrooms, warehouses, service centers, factories and other offices facilities. These lease contracts run for varies generally from 5 years to 10 years. Most of the lease contracts include an option to renew the lease term for additional period after the end of the contract term.



Singer Bangladesh Limited  
Notes to the financial statements (continued)

**6 Investments**

See accounting policy in Note 40 (M)

<i>In BDT</i>	<i>Note</i>	<b>Consolidated</b>		<b>Company</b>	
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Investment in subsidiary	6.1	-	-	646,799,056	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
		<b>4,199,450</b>	<b>4,199,450</b>	<b>650,998,506</b>	<b>355,987,045</b>

**6.1 Investment in subsidiary**

The Company acquired International Appliances Limited (IAL) as subsidiary on 16 October 2017. Further it has purchased 16.1680% share of IAL from Shanghai Sonlu Shangling Enterprise Group Co. Ltd. (9.9978%) on 17 February 2019 and from Sunman Corporation Limited (6.1702%) on 26 February 2019. Associated call option of Sunman Corporation Limited has been cancelled. As a result IAL is now fully owned subsidiary of the Company.

The detail of investment in IAL:

<i>In BDT</i>	<b>Amount</b>
Investment up to 2018	351,787,595
Investment in 2019	295,011,461
<b>Total</b>	<b>646,799,056</b>

**7 Advances, deposits and prepayments**

See accounting policy in Note 40 (H)

<i>In BDT</i>	<i>Note</i>	<b>Consolidated</b>		<b>Company</b>	
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Advances to others	7.1	24,504,492	42,977,966	9,299,540	3,708,933
<b>Advances</b>		<b>24,504,492</b>	<b>42,977,966</b>	<b>9,299,540</b>	<b>3,708,933</b>
Security deposits		29,432,145	25,018,340	23,160,298	22,382,393
<b>Deposits</b>		<b>29,432,145</b>	<b>25,018,340</b>	<b>23,160,298</b>	<b>22,382,393</b>
Prepayments		194,322,790	525,740,230	146,920,118	513,489,071
<b>Prepayments</b>		<b>194,322,790</b>	<b>525,740,230</b>	<b>146,920,118</b>	<b>513,489,071</b>
	7.2	<b>248,259,427</b>	<b>593,736,536</b>	<b>179,379,956</b>	<b>539,580,397</b>

**7.1 Advances to others**

<i>In BDT</i>	<b>Consolidated</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
L/C margins, charges and insurance against traded goods	24,493,743	42,973,272	9,288,791	3,704,239
Postage franking machine	10,749	4,694	10,749	4,694
	<b>24,504,492</b>	<b>42,977,966</b>	<b>9,299,540</b>	<b>3,708,933</b>

7.2 Non-current portion of deposits and prepayments	<b>36,228,957</b>	337,712,006	<b>23,160,298</b>	325,807,679
Current portion of advances, deposits and prepayments	<b>212,030,470</b>	256,024,530	<b>156,219,658</b>	213,772,718
	<b>248,259,427</b>	<b>593,736,536</b>	<b>179,379,956</b>	<b>539,580,397</b>





Singer Bangladesh Limited  
Notes to the financial statements (continued)

**8 Inventories**

See accounting policy in Note 40 (E)

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Finished goods	2,863,312,296	2,734,856,572	2,810,051,832	2,648,099,898
Non-Trade goods	9,738,312	14,753,148	9,738,312	14,753,148
Raw materials	615,051,287	837,917,926	244,738,388	454,137,042
Goods in transit	1,018,609,051	420,490,512	823,676,512	324,706,940
Work in progress	-	4,370,374	-	4,370,374
	4,506,710,946	4,012,388,532	3,888,205,044	3,446,067,402
Provision for inventory obsolescence	(108,321,088)	(115,062,802)	(108,321,088)	(115,062,802)
	4,398,389,858	3,897,325,730	3,779,883,956	3,331,004,600

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

**8.1 Inventories-consolidated**

<i>In BDT</i>	2019		
	SBL	IAL	Total
Finished goods	2,819,790,144	79,133,870	2,898,924,014
Less: Unrealised profit (PURP)	-	-	(25,873,406)
	2,819,790,144	79,133,870	2,873,050,608
Raw materials	244,738,388	370,312,899	615,051,287
Goods in transit	823,676,512	194,932,539	1,018,609,051
Work in progress	-	-	-
	3,888,205,044	644,379,308	4,506,710,946
Provision for inventory obsolescence	(108,321,088)	-	(108,321,088)
	3,779,883,956	644,379,308	4,398,389,858

**9 Trade and other receivables**

See accounting policy in Note 40 (H)

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Trade receivables	9.1	2,302,739,844	2,167,789,986	2,302,739,844	2,167,789,990
Other receivables	9.2	169,140,208	57,346,050	210,806,629	175,664,278
		2,471,880,052	2,225,136,036	2,513,546,473	2,343,454,268

**9.1 Trade receivables**

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Hire customer receivables	9.1.1	2,100,606,310	2,057,441,574	2,100,606,310	2,057,441,574
Trade and dealer receivables	9.1.2	202,133,534	110,348,412	202,133,534	110,348,416
		2,302,739,844	2,167,789,986	2,302,739,844	2,167,789,990

**9.1.1 Hire customer receivables**

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Hire receivable from customers		2,436,581,468	2,381,068,183	2,436,581,468	2,381,068,183
Unearned carrying charges		(290,133,543)	(292,499,101)	(290,133,543)	(292,499,101)
		2,146,447,925	2,088,569,082	2,146,447,925	2,088,569,082
Provision for doubtful debts	9.3.1	(45,841,615)	(31,127,508)	(45,841,615)	(31,127,508)
		2,100,606,310	2,057,441,574	2,100,606,310	2,057,441,574



Singer Bangladesh Limited  
Notes to the financial statements (continued)

9.1.2 Trade and dealer receivables

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Trade receivables		141,350,706	85,811,865	141,350,706	85,811,869
Receivables from dealers		76,053,832	31,001,732	76,053,832	31,001,732
		217,404,538	116,813,597	217,404,538	116,813,601
Provision for doubtful debts	9.3.1	(15,271,004)	(6,465,185)	(15,271,004)	(6,465,185)
		202,133,534	110,348,412	202,133,534	110,348,416

9.2 Other receivables

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Receivable from Shop Managers		29,188,237	17,021,814	29,188,237	17,021,814
Receivable from Singer Asia Limited		1,497,415	11,452,755	1,497,415	11,452,755
Receivable from employees		6,079,527	4,796,580	5,916,444	4,796,580
Receivable from others	9.2.1	148,542,378	39,917,104	186,760,093	155,919,282
Employees provident fund		5,587,330	-	5,867,428	-
Retirement benefit	14	1,520,970	1,923,446	4,852,660	4,239,496
		192,415,857	75,111,699	234,082,278	193,429,927
Provision for doubtful debts	9.3.1	(23,275,649)	(17,765,649)	(23,275,649)	(17,765,649)
		169,140,208	57,346,050	210,806,629	175,664,278

9.2.1 Other receivables includes BDT 110,000,000 in respect of insurance claim regarding inventories of Chittagong warehouse which were burnt due to fire on 20 March 2019. Total value of inventories burnt is BDT 126,752,760. Out of this, BDT 110,000,000 is covered by insurance. Insurance company has appointed surveyor to measure the loss suffered by Singer. Inventory has been fully adjusted for this incident and receivables has been recognised based on the assumption that entire policy value will be recovered from the insurance company. The claim is under scrutiny of the insurance company.

9.3 Provision for doubtful debts

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Opening balance		55,358,342	50,312,052	55,358,342	50,312,052
Provision for the year		58,994,317	29,072,384	58,994,317	29,072,384
		114,352,659	79,384,436	114,352,659	79,384,436
Written-off during the year		(29,964,391)	(24,026,094)	(29,964,391)	(24,026,094)
Closing balance	9.3.1	84,388,268	55,358,342	84,388,268	55,358,342

9.3.1 Provision for doubtful debts-Closing balance

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Hire customer receivables	9.1.1	45,841,615	31,127,508	45,841,615	31,127,508
Trade and dealer receivables	9.1.2	15,271,004	6,465,185	15,271,004	6,465,185
Other receivables	9.2	23,275,649	17,765,649	23,275,649	17,765,649
		84,388,268	55,358,342	84,388,268	55,358,342

9.4 Ageing of hire receivables from customers

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Due within 3 months		1,071,172,592	1,034,915,986	1,071,172,592	1,034,915,986
Due over 3 months but within 6 months		819,867,039	803,360,548	819,867,039	803,360,548
Due over 6 months but within 9 months		406,636,346	408,341,292	406,636,346	408,341,292
Due over 9 months but within 12 months		125,209,004	125,033,596	125,209,004	125,033,596
Over 12 months		13,696,487	9,416,761	13,696,487	9,416,761
	9.5	2,436,581,468	2,381,068,183	2,436,581,468	2,381,068,183



Singer Bangladesh Limited  
Notes to the financial statements (continued)

9.5 Particulars of hire receivables from customers

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Secured - considered good:				
Debts due within 6 months	1,845,198,016	1,838,276,534	1,845,198,016	1,838,276,534
Debts due over 6 months	545,541,837	511,664,141	545,541,837	511,664,141
	2,390,739,853	2,349,940,675	2,390,739,853	2,349,940,675
Secured - considered doubtful:	45,841,615	31,127,508	45,841,615	31,127,508
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	-	-	-	-
	2,436,581,468	2,381,068,183	2,436,581,468	2,381,068,183

10 Cash and cash equivalents

See accounting policy in Note 40 (H)

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Cash in hand	330,466	530,156	79,435	38,060
Cash at bank	165,542,017	174,476,244	164,661,840	174,278,679
Cash in transit	15,839,610	20,063,948	15,839,609	20,063,948
	181,712,093	195,070,348	180,580,885	194,380,687

11 Share capital

<i>In BDT</i>	2019	2018
<b>Authorised:</b>		
100,000,000 ordinary shares of Taka 10 each	1,000,000,000	1,000,000,000
<b>Issued, subscribed and paid up:</b>		
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
99,574,588 ordinary shares of Taka 10 each issued as fully paid-up bonus shares **	995,745,880	765,662,410
	997,028,380	766,944,910

\*\* 30% stock dividend was declared for the year ended 31 December 2018 at the 39th annual general meeting dated 23 April 2019.

Shareholding position:

Name of shareholder	2019		2018	
	No. of share	Value (BDT)	No. of share	Value (BDT)
Retail Holdings Bhold B.V., The Netherlands	36,886,123	368,861,230	28,373,941	283,739,410
Retail Holdings Bhold B.V., The Netherlands - non-remittable shares	19,933,214	199,332,140	15,333,242	153,332,420
Local shareholders	42,883,501	428,835,010	32,987,308	329,873,080
	99,702,838	997,028,380	76,694,491	766,944,910

Beneficial percentage of holdings

Name of shareholder	2019	2018
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%



Singer Bangladesh Limited  
Notes to the financial statements (continued)

Classification of shareholders by holding:

Shareholding range	Number of shareholders		Total holding (%)	
	2019	2018	2019	2018
Less than 500 shares	6,361	6,298	0.96	1.29
500 to 5,000 shares	2,926	2,469	4.59	4.96
5,001 to 10,000 shares	247	208	1.79	1.99
10,001 to 20,000 shares	145	116	2.02	2.18
20,001 to 30,000 shares	53	47	1.31	1.56
30,001 to 40,000 shares	28	31	1.02	1.43
40,001 to 50,000 shares	18	18	0.82	1.08
50,001 to 100,000 shares	47	32	3.44	2.88
100,001 to 1,000,000 shares	51	49	13.81	18.76
Over 1,000,000 shares	10	5	70.22	63.87
	9,886	9,273	100.00	100.00

Details of share issue has been shown in Annexure - 2.

12 Reserves

In BDT	Note	2019	2018
Revaluation reserve	12.1	550,340,462	554,281,723
Capital reserve	12.2	18,190,942	18,190,942
Non-remittable special capital reserve	12.3	370,178	370,178
Non-distributable special reserve	12.4	232,847	232,847
		569,134,429	573,075,690

12.1 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 BSEC circular # SEC/CMRRC/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.

12.2 Capital reserve

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

12.3 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.

12.4 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.





Singer Bangladesh Limited  
Notes to the financial statements (continued)

**13 Deferred tax assets/(liabilities)**

See accounting policy in Note 40 (D)

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Opening balance		26,507,800	18,871,202	45,639,652	24,836,206
Acquisition of business		-	-	-	-
		26,507,800	18,871,202	45,639,652	24,836,206
Released/(expense) during the year		(28,931,950)	6,042,602	(3,286,087)	19,209,450
Transferred to retained earnings		1,313,755	1,593,996	1,313,754	1,593,996
		(27,618,195)	7,636,598	(1,972,333)	20,803,446
Closing balance	13.1	(1,110,395)	26,507,800	43,667,319	45,639,652

**13.1 Closing balance**

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Deferred tax assets	13.1.1	352,971,214	105,913,772	304,969,009	70,067,739
Deferred tax liabilities	13.1.2	(354,081,609)	(79,405,972)	(261,301,690)	(24,428,087)
		(1,110,395)	26,507,800	43,667,319	45,639,652

**13.1.1 Deferred tax assets**

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Provision for gratuity	1,166,091	810,617	-	-
Reserve against inventories	27,080,272	28,765,700	27,080,272	28,765,700
Reserve for warranty	29,476,317	28,742,658	23,421,861	23,422,658
Provision for bad debts	21,097,067	13,839,586	21,097,067	13,839,586
Remeasurement of defined benefit liability	-	1,477,500	-	1,477,500
Unabsorbed depreciation	5,823,106	29,715,415	-	-
Property, plant and equipment	916,312	2,562,295	916,312	2,562,295
Lease Liability	267,412,049	-	232,453,497	-
	352,971,214	105,913,772	304,969,009	70,067,739

**13.1.2 Deferred tax liabilities**

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Provision for gratuity	(1,213,165)	-	(1,213,165)	-
Revaluation of land and building	(22,776,222)	(24,428,087)	(22,776,222)	(24,428,087)
Property, plant and equipment	(60,364,154)	(54,977,885)	-	-
Right-Of-Use (ROU) Asset	(269,728,069)	-	(237,312,303)	-
	(354,081,609)	(79,405,972)	(261,301,690)	(24,428,087)

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

**14 Retirement benefit obligations**

**Gratuity**

See accounting policy in Note 40 (O)

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Opening balance		(1,923,446)	3,618,300	(4,239,496)	2,174,000
Acquisition of business		-	-	-	-
		(1,923,446)	3,618,300	(4,239,496)	2,174,000
Provision for the year		337,396	9,164,749	(613,164)	8,293,000
		(1,586,050)	12,783,049	(4,852,660)	10,467,000
Payments during the year		65,080	(14,706,495)	-	(14,706,496)
Closing balance	14.1	(1,520,970)	(1,923,446)	(4,852,660)	(4,239,496)



Singer Bangladesh Limited  
Notes to the financial statements (continued)

14.1 Closing balance

	Consolidated		Company	
	2019	2018	2019	2018
Opening balance	(1,923,446)	3,618,300	(4,239,496)	2,174,000
Acquisition of business	-	-	-	-
	(1,923,446)	3,618,300	(4,239,496)	2,174,000
<b>Included in profit or loss</b>				
Current service cost	9,576,545	12,661,750	8,560,905	11,790,000
Interest expense/(income)	(9,933,569)	(5,844,000)	(9,933,569)	(5,844,000)
	(357,024)	6,817,750	(1,372,664)	5,946,000
Measurements loss/(gain)	759,500	2,347,000	759,500	2,347,000
<b>Other</b>				
Contributions paid by the employer	-	(14,706,496)	-	(14,706,496)
Benefits paid	-	-	-	-
	-	(14,706,496)	-	(14,706,496)
<b>Balance at 31 December</b>	<b>(1,520,970)</b>	<b>(1,923,446)</b>	<b>(4,852,660)</b>	<b>(4,239,496)</b>

15 Other liabilities

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Non-remittable accounts	15.1	1,408,949,743	1,408,949,743	1,408,949,743	1,408,949,743
Security deposits from branch managers, agents and dealers		277,226,939	241,638,657	277,226,939	241,638,657
Warranty - long term portion		37,474,978	37,476,252	37,474,978	37,476,252
		1,723,651,660	1,688,064,652	1,723,651,660	1,688,064,652

15.1 Non-remittable accounts

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Current account	(78)	(78)	(78)	(78)
Dividend account:				
Opening balance	1,408,469,831	1,255,137,411	1,408,469,831	1,255,137,411
Dividend for the year	-	153,332,420	-	153,332,420
Closing balance	1,408,469,831	1,408,469,831	1,408,469,831	1,408,469,831
Capital gain on sale of land	479,990	479,990	479,990	479,990
	1,408,949,743	1,408,949,743	1,408,949,743	1,408,949,743

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.

16 Trade and other payables

See accounting policy in Note 40 (H)

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Trade payables	16.1	453,166,958	369,864,998	566,079,664	552,355,511
Other payables	16.2	1,933,734,280	1,276,567,948	1,316,111,787	1,159,880,791
		2,386,901,238	1,646,432,946	1,882,191,451	1,712,236,302



Singer Bangladesh Limited  
Notes to the financial statements (continued)

16.1 Trade payables

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Trade payable	419,562,665	308,613,920	532,975,371	491,104,433
Freight and carriage and technicians bills payable	33,604,292	61,251,078	33,104,292	61,251,078
	453,166,958	369,864,998	566,079,664	552,355,511

16.2 Other payables

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Payable for expenses	16.2.1	899,750,681	800,218,587	876,073,774	775,678,164
Royalty		365,355,502	318,072,839	315,805,040	280,552,145
Payable for other finance	16.2.2	654,364,531	144,186,666	109,969,407	89,560,626
Leasehold improvements against new shops		14,263,566	14,089,856	14,263,566	14,089,856
		1,933,734,280	1,276,567,948	1,316,111,787	1,159,880,791

16.2.1 Payable for expenses

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Advertisement and sales promotion	291,778,753	209,961,154	291,778,753	209,961,154
Reserve for early closing of hire sales	304,590,027	294,158,151	304,590,027	294,158,151
Shop rent	52,228,988	60,671,636	52,228,988	60,671,636
Warranty expenses	68,456,105	66,914,378	56,212,467	56,214,378
Reserve for allowable loss	36,970,806	32,142,083	36,970,806	32,142,083
Workers' profit participation and welfare fund	77,335,952	65,702,516	75,321,587	64,583,617
Duty and freight	9,958,156	10,458,156	9,958,156	9,958,156
Utilities	6,442,455	7,962,059	5,000,000	5,800,000
Interest	1,634,718	6,123,996	-	2,500,000
Collecting expenses	9,829,547	8,224,202	9,829,547	8,224,202
Salary and benefits	28,735,779	26,602,066	28,735,778	26,602,066
Professional and technical fees	5,262,730	4,420,553	4,485,000	3,448,000
Selling expenses	962,665	862,721	962,665	862,721
Statutory audit fee	509,191	804,979	-	552,000
Repair & maintenance	5,054,809	5,209,937	-	-
	899,750,681	800,218,587	876,073,774	775,678,164

16.2.2 Payable for other finance

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Unclaimed dividend	27,334,617	33,640,394	27,334,617	33,640,394
VAT payable - realised from customers	7,663,106	(365,048)	8,087,424	(199,719)
Withholding taxes	20,599,995	26,280,901	19,973,495	25,821,504
Advance from customers	14,646,949	6,434,984	14,646,949	6,434,984
Security deposits	260,421	250,921	-	-
Sunman Corporation Limited	-	12,736,817	-	-
Shanghai sonlu group	520,590,167	354,675	-	-
Others	63,269,276	64,853,022	39,926,922	23,863,463
	654,364,531	144,186,666	109,969,407	89,560,626



Singer Bangladesh Limited  
Notes to the financial statements (continued)

**17 Short-term borrowings - secured**

See accounting policy in Note 40 (H)

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Bank overdrafts/Short-term loan	1,961,093,776	2,729,201,744	1,746,861,938	2,119,372,532

Registered hypothecation of inventories, receivables and machineries under pari-passu arrangement with other banks were maintained to obtain bank overdrafts and short term loans from different banks. Below table shows the bank details.

<i>In BDT</i>		Consolidated		Company	
		2019	2018	2019	2018
Commercial Bank of Ceylon Plc	Bank overdraft	276,697,101	519,622,698	182,036,976	208,901,536
Pubali Bank Ltd.	Bank overdraft	470,540,858	387,081,321	470,540,858	387,081,321
HSBC	Bank overdraft	231,082,383	523,384,198	138,429,587	291,122,169
Bank-Al-Falah	Bank overdraft	296,373,703	278,650,627	296,373,703	278,650,627
Standard Chartered Bank Ltd.	Bank overdraft	118,866,222	96,358,155	118,866,222	96,358,155
Eastern Bank Ltd.	Bank overdraft	56,242,260	142,156,919	29,406,122	142,156,919
Trust Bank Ltd.	Bank overdraft	10,573,849	162,514,922	10,573,849	162,514,922
Mutual Trust Bank Ltd.	Bank overdraft	634,621	-	634,621	-
City Bank Ltd.	Bank overdraft	-	52,586,884	-	52,586,884
Dhaka Bank Ltd.	Bank overdraft	82,779	66,846,021	-	-
Commercial Bank of Ceylon Plc	Short-term loan	300,000,000	300,000,000	300,000,000	300,000,000
HSBC	Short-term loan	200,000,000	-	200,000,000	-
Standard Chartered Bank Ltd.	Short-term loan	-	200,000,000	-	200,000,000
		1,961,093,776	2,729,201,744	1,746,861,938	2,119,372,532

**18 Long term debt**

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

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Non-current portion of long term liability		25,682,777	37,150,985	-	-
Current portion of long term liability		11,468,208	8,721,840	-	-
		37,150,985	45,872,825	-	-

Registered hypothecation of specific imported machinery & equipment were kept as securities to obtain the long term loan from the bank.

**19 Current tax assets/(liabilities)**

See accounting policy in Note 40 (D)

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Advance income tax	19.1	1,559,383,030	1,119,725,295	1,266,591,401	920,881,202
Provision for income tax	19.2	(1,430,875,895)	(1,021,235,053)	(1,372,949,827)	(979,699,875)
		128,507,136	98,490,242	(106,358,425)	(58,818,673)





Singer Bangladesh Limited  
Notes to the financial statements (continued)

19.1 Advance income tax

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Opening balance	1,119,725,295	950,708,275	920,881,202	845,601,127
Acquisition of business	-	-	-	-
	1,119,725,295	950,708,275	920,881,202	845,601,127
Add: Advance income tax paid during the year	439,657,735	422,084,818	345,710,199	328,347,873
Adjustment for completion of prior year tax assessment	-	(253,067,798)	-	(253,067,798)
<b>Closing balance</b>	<b>1,559,383,030</b>	<b>1,119,725,295</b>	<b>1,266,591,401</b>	<b>920,881,202</b>

19.2 Provision for income tax

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Opening balance	1,021,235,053	914,811,815	979,699,875	887,209,673
Acquisition of business	-	-	-	-
	1,021,235,053	914,811,815	979,699,875	887,209,673
Provision during the year	416,116,006	359,491,035	399,725,116	345,558,000
Adjustment for prior year	(6,475,164)	-	(6,475,164)	-
Adjustment for completion of prior year tax assessment	-	(253,067,797)	-	(253,067,798)
	1,430,875,895	1,021,235,053	1,372,949,827	979,699,875



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**20 Turnover**

See accounting policy in Note 40 (A)

**A. Revenue streams**

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
<b>Revenue from contracts with customers</b>	<b>15,485,235,479</b>	<b>13,559,249,507</b>	<b>15,485,235,479</b>	<b>13,559,249,507</b>

**B. Disaggregation of revenue from contracts with customers**

See accounting policy in Note 40 (A)

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Home appliances	11,049,796,056	9,267,309,279	11,049,796,056	9,267,309,279
Consumer electronics	2,554,800,768	2,720,851,242	2,554,800,768	2,720,851,242
Sewing machines	792,425,321	487,092,743	792,425,321	487,092,743
Other appliances	919,011,603	835,037,684	919,011,603	835,037,684
	<b>15,316,033,747</b>	<b>13,310,290,948</b>	<b>15,316,033,747</b>	<b>13,310,290,948</b>
Furniture	169,201,732	248,958,559	169,201,732	248,958,559
	<b>15,485,235,479</b>	<b>13,559,249,507</b>	<b>15,485,235,479</b>	<b>13,559,249,507</b>

Turnover includes the following:

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Television under consumer electronic	2,554,797,720	2,720,840,212	2,554,797,720	2,720,840,212
Air conditioner under home appliance	2,044,155,123	1,374,297,888	2,044,155,123	1,374,297,888
Furniture	169,201,732	248,958,559	169,201,732	248,958,559
	<b>4,768,154,575</b>	<b>4,344,096,659</b>	<b>4,768,154,575</b>	<b>4,344,096,659</b>

The Group as well as the Company, considering the nature of its core business, is used to include hire purchase sales' agreement fees, reverts product sales and income from financial & related services under revenue from contracts with customers. For improved presentation under IFRS 15, the said items have been included in other income instead of reported under revenue from contracts with customers. To keep consistency in presentation comparative figures for the year ended 31 December 2018 have been rearranged between revenue from contracts with customers and other income. Profit after tax remain unchanged due to this rearrangement of comparative figures.

**C. Contract balances**

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

<i>In BDT</i>	Note	Consolidated		Company	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Receivables, which are included in 'trade and other receivables'	9	2,302,739,844	2,167,789,986	2,302,739,844	2,167,789,990
		<b>2,302,739,844</b>	<b>2,167,789,986</b>	<b>2,302,739,844</b>	<b>2,167,789,990</b>

**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.

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 described in Note 40 (A).



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**21 Cost of sales**

<i>In BDT</i>	<i>Note</i>	<b>Consolidated</b>		<b>Company</b>	
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Opening inventory of raw materials		1,258,408,437	822,119,077	778,843,982	565,770,196
Acquisition of business		-	-	-	-
		1,258,408,437	822,119,077	778,843,982	565,770,196
<b>Purchased during the year</b>		8,834,182,570	8,492,288,698	6,533,378,529	6,387,588,843
Closing inventory of raw materials		(1,633,660,338)	(1,258,408,438)	(1,068,414,900)	(778,843,982)
Raw materials consumption	21.1 & 21.2	8,458,930,669	8,055,999,337	6,243,807,611	6,174,515,057
Factory salaries and wages		133,647,876	118,909,214	75,994,648	70,995,730
Freight and carriage		103,760,031	127,609,813	103,670,151	127,501,013
Rent		-	30,361,963	-	-
Depreciation	3.4	53,568,070	54,330,202	14,608,977	16,694,616
Right-of-use asset depreciation		30,675,604	-	-	-
Repairs and maintenance		10,265,470	15,757,365	715,603	399,175
Utilities		20,097,273	26,368,060	5,026,445	4,391,823
Bonus		7,127,361	6,554,139	4,932,235	4,629,033
Consumable stores		9,673,050	12,004,495	3,971,619	6,769,131
Gratuity		1,642,279	4,277,274	615,384	3,436,364
Employee benefits and recreation		5,075,857	3,507,102	3,342,744	2,276,554
Contribution to provident fund		3,058,826	2,628,799	2,148,940	1,907,037
Fuel and car maintenance		8,323,799	11,471,113	6,972,227	10,619,252
Insurance		2,988,056	2,025,301	440,746	802,382
Stationery		1,742,720	3,310,277	1,404,173	2,200,863
Conveyance and travelling		2,557,837	2,713,890	728,900	1,049,717
Postage & communication		291,719	80,218	-	-
Miscellaneous		5,723,083	2,375,156	191,807	92,129
		400,218,910	424,284,381	224,764,599	253,764,819
Works cost (materials + manufacturing expenses)		8,859,149,579	8,480,283,718	6,468,572,210	6,428,279,876
Opening work-in-process		4,370,374	-	4,370,374	-
Closing work-in-process		-	(4,370,374)	-	(4,370,374)
Cost of production		8,863,519,953	8,475,913,344	6,472,942,584	6,423,909,502
Opening inventory of finished goods		2,777,291,618	2,241,450,738	2,662,853,046	2,194,355,907
Acquisition of business		-	-	-	-
		2,777,291,618	2,241,450,738	2,662,853,046	2,194,355,907
Purchase/production of finished goods		2,364,230,920	1,831,410,566	4,945,452,490	3,977,563,289
		5,141,522,538	4,072,861,304	7,608,305,536	6,171,919,196
Closing inventory of finished goods	21.3	(2,873,050,608)	(2,749,609,720)	(2,819,790,144)	(2,662,853,046)
Cost of sales		11,131,991,883	9,799,164,928	11,261,457,976	9,932,975,652

**21.1 Raw materials consumption-consolidated**

<i>In BDT</i>	<b>Balance at 1 Jan 2019</b>	<b>Purchases during the year</b>	<b>Balance at 31 December 2019</b>	<b>Consumption during the year</b>
<b>Imported</b>				
Television	96,629,877	1,329,042,100	(98,003,831)	1,327,668,146
Air conditioner	346,636,569	1,133,979,010	(145,063,796)	1,335,551,783
Refrigerator	479,564,455	2,300,804,042	(565,245,438)	2,215,123,059
Others	324,707,316	3,964,911,928	(823,676,156)	3,465,943,088
	1,247,538,217	8,728,737,080	(1,631,989,221)	8,344,286,076
<b>Locally procured</b>				
Furniture	10,840,538	105,445,490	(1,671,117)	114,614,911
Television, Refrigerator and Other	29,682	-	-	29,682
	10,870,220	105,445,490	(1,671,117)	114,644,593
	1,258,408,437	8,834,182,570	(1,633,660,338)	8,458,930,669



**Singer Bangladesh Limited**  
Notes to the financial statements (continued)

**21.2 Raw materials consumption-company**

<i>In BDT</i>	Balance at 1 Jan	Purchases during	Balance at 31	Consumption
	2019	the year	Dec 2019	during the year
<u>Imported</u>				
Television	96,629,877	1,329,042,100	(98,003,831)	1,327,668,146
Air conditioner	346,636,569	1,133,979,010	(145,063,796)	1,335,551,783
Others	324,707,316	3,964,911,929	(823,676,156)	3,465,943,089
	767,973,762	6,427,933,039	(1,066,743,783)	6,129,163,018
<u>Locally procured</u>				
Furniture	10,840,538	105,445,490	(1,671,117)	114,614,911
Television, Refrigerator and Other	29,682	-	-	29,682
	10,870,220	105,445,490	(1,671,117)	114,644,593
	778,843,982	6,533,378,529	(1,068,414,900)	6,243,807,611

**21.3 Closing stock of finished goods**

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Home appliance	1,893,230,578	1,897,206,294	1,839,970,189	1,810,449,620
Consumer electronic	352,105,340	400,717,618	352,105,341	400,717,618
Sewing	179,319,999	131,765,584	179,319,999	131,765,584
Furniture	10,530,174	86,787,985	10,530,174	86,787,985
Other	437,864,516	233,132,239	437,864,441	233,132,239
	2,873,050,608	2,749,609,720	2,819,790,144	2,662,853,046

**22 Operating expenses**

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Advertisement and sales promotion		702,241,898	643,144,731	702,241,898	643,144,731
Shop operating expenses		459,188,314	401,379,679	459,188,314	401,379,679
Salaries and allowances		342,761,720	287,981,682	337,721,362	283,897,236
Rent and occupancy		55,509,476	264,320,166	55,509,476	264,320,166
Royalty	22.1 & 22.2	198,654,471	182,838,754	170,565,535	161,377,227
Warranty		160,182,284	138,158,359	160,182,284	138,158,359
Utilities		59,388,783	56,757,507	59,385,483	56,755,192
Depreciation	3.4	59,106,709	55,319,178	59,083,263	55,301,427
Right-of-use asset depreciation		212,555,103	-	212,555,103	-
Bad debts		58,994,317	29,072,384	58,994,317	29,072,384
Office administration		63,895,568	49,753,614	63,813,570	49,603,973
Repairs and maintenance		48,746,799	44,109,434	48,724,299	44,098,934
Directors' fee and remuneration	22.3	27,115,802	24,295,805	27,070,202	24,259,965
Travelling		50,749,532	42,394,949	50,722,520	42,373,800
Amortisation	4	7,264,894	7,979,598	7,252,882	7,971,586
Bank charge		25,449,268	18,427,258	23,824,623	16,840,012
Insurance		4,489,122	3,655,929	4,489,123	3,655,929
Fuel and car maintenance		4,128,099	4,226,538	4,128,099	4,226,538
Professional and technical fees	22.4	7,599,653	7,982,483	6,887,732	6,442,043
Entertainment		6,880,206	6,140,141	6,880,204	6,140,141
Statutory audit fee		1,380,000	897,000	805,000	552,000
Dues and subscription		638,084	740,469	494,584	372,305
		2,556,920,102	2,269,575,658	2,520,519,873	2,239,943,627





**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**22.1 Royalty-consolidated**

**Retail Holdings Asia B.V.**

Manufactured products <i>In BDT</i>	Turnover from manufacturing units		Royalty charge for the year	
	2019	2018	2019	2018
Audio-video sets (television)	521,140,603	2,486,714,519	19,542,773	99,468,581
Air conditioner	199,253,143	1,301,114,855	7,471,993	52,044,594
Furniture	94,214,826	246,601,307	3,533,056	9,864,052
Refrigerator	613,929,684	2,146,152,722	6,753,227	21,461,527
<b>Royalty up to March 2019</b>	<b>1,428,538,256</b>	<b>6,180,583,404</b>	<b>37,301,049</b>	<b>182,838,754</b>

**Retail Holdings Bhold B.V.**

Manufactured products <i>In BDT</i>	Turnover from manufacturing units		Royalty charge for the year	
	2019	2018	2019	2018
Audio-video sets (television)	1,893,372,135	2,486,714,519	71,001,455	-
Air conditioner	1,767,153,236	1,301,114,855	66,268,246	-
Furniture	73,280,303	246,601,307	2,748,011	-
Refrigerator	1,939,609,987	2,146,152,722	21,335,710	-
<b>Royalty from April to December 2019</b>	<b>5,673,415,661</b>	<b>6,180,583,404</b>	<b>161,353,422</b>	-
<b>Royalty total 2019</b>	<b>7,101,953,917</b>	<b>12,361,166,808</b>	<b>198,654,471</b>	<b>182,838,754</b>

Royalty was charged on the net annual invoice price of products manufactured by Singer Bangladesh Limited @ 3.75% on audio-video sets, air conditioner and furniture and International Appliances Limited @ 1.1% on refrigerator for the year 2019.

**22.2 Royalty-company**

**Retail Holdings Asia B.V.**

Manufactured products <i>In BDT</i>	Turnover from manufacturing units		Royalty charge for the year	
	2019	2018	2019	2018
Audio-video sets (television)	521,140,603	2,486,714,519	19,542,773	99,468,581
Air conditioner	199,253,143	1,301,114,855	7,471,993	52,044,594
Furniture	94,214,826	246,601,307	3,533,056	9,864,052
<b>Royalty up to March 2019</b>	<b>814,608,572</b>	<b>4,034,430,682</b>	<b>30,547,822</b>	<b>161,377,227</b>

**Retail Holdings Bhold B.V.**

Manufactured products <i>In BDT</i>	Turnover from manufacturing units		Royalty charge for the year	
	2019	2018	2019	2018
Audio-video sets (television)	1,893,372,135	-	71,001,455	-
Air conditioner	1,767,153,236	-	66,268,247	-
Furniture	73,280,303	-	2,748,011	-
<b>Royalty from April to December 2019</b>	<b>3,733,805,674</b>	-	<b>140,017,713</b>	-
<b>Royalty total 2019</b>	<b>4,548,414,246</b>	<b>4,034,430,682</b>	<b>170,565,535</b>	<b>161,377,227</b>

Royalty was charged on the net annual invoice price of products manufactured by Singer Bangladesh Limited @ 3.75% on audio-video sets, air conditioner and furniture for the year 2019.

**22.3 Director's fee and remuneration**

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Remuneration	21,930,134	21,986,767	21,930,134	21,986,767
Housing	1,990,362	1,792,350	1,990,362	1,792,350
Medical and welfare	2,885,206	89,848	2,885,206	89,848
Fees	310,100	426,840	264,500	391,000
	<b>27,115,802</b>	<b>24,295,805</b>	<b>27,070,202</b>	<b>24,259,965</b>



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**22.4 Professional and technical fees**

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Legal and technical services	6,982,153	6,576,983	6,370,232	5,246,043
IFRS audit fees	460,000	1,342,250	460,000	1,150,000
Audit fees for provident fund, workers' profit participation fund etc.	157,500	63,250	57,500	46,000
	<b>7,599,653</b>	<b>7,982,483</b>	<b>6,887,732</b>	<b>6,442,043</b>

**23 Net finance costs**

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Finance income	307,831	624,370	307,831	624,370
Interest expenses on borrowings	(314,889,517)	(319,292,407)	(262,381,733)	(254,724,883)
Interest expenses on leases	(88,741,942)	-	(77,851,810)	-
Finance costs	(403,631,459)	(319,292,407)	(340,233,543)	(254,724,883)
	<b>(403,323,628)</b>	<b>(318,668,037)</b>	<b>(339,925,712)</b>	<b>(254,100,513)</b>

**24 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>	Consolidated		Company	
	2019	2018	2019	2018
Sale of scrapped inventories and others	11,608,607	15,468,017	-	6,114,849
Dividend income from CDBL	1,427,953	1,427,953	1,427,953	1,427,953
Gain/(loss) on sale of fixed assets (Annexure - 1)	(2,886,203)	(4,778,743)	(2,886,203)	(4,778,743)
Fire loss of inventory	(37,163,460)	-	(37,163,460)	-
Hire agreement fees	136,937,147	122,283,461	136,937,147	122,283,461
Reverts product sale	19,629,218	13,656,585	19,629,218	13,656,585
Income from financial & related services	5,153,084	5,734,678	5,153,084	5,734,678
Other	20,002,084	15,003,832	20,002,084	15,003,831
	<b>154,708,430</b>	<b>168,795,783</b>	<b>143,099,823</b>	<b>159,442,614</b>

**25 Contribution to workers' profit participation fund**

This is made in terms of section 234(1)(b) of Bangladesh Labour Act 2006 (as amended up to 2018) 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.

**26 Income tax expense**

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Current tax expense	19.2	416,116,006	359,491,035	399,725,116	345,558,000
Adjustments in the period for current tax of prior periods		(6,475,164)	-	(6,475,164)	-
Deferred tax expense/(income) relating to origination and reversal of temporary differences	26.2	28,931,950	(5,455,852)	3,286,087	(18,622,700)
		<b>438,572,792</b>	<b>354,035,183</b>	<b>396,536,039</b>	<b>326,935,300</b>



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**26.1 Reconciliation of effective tax rate**

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019 Percentage	2019 BDT	2019 Percentage	2019 BDT
Profit before tax			1,470,372,345		1,431,110,154
Tax using the Company's tax rate		26.36%	387,563,950	25.00%	357,777,539
Tax effect of:					
Provision for non-deductible expenses		1.38%	20,221,552	1.35%	19,375,000
Adjustments / provision released during the year		1.15%	16,907,716	0.51%	7,257,482
Other components of tax as per Income Tax Ordinance 1984		0.60%	8,839,932	0.62%	8,839,932
Temporary differences		1.97%	28,931,950	0.23%	3,286,087
Adjusted unabsorbed depreciation		-1.62%	(23,892,308)	0.00%	-
		29.83%	438,572,792	27.71%	396,536,039

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2018 Percentage	2018 BDT	2018 Percentage	2018 BDT
Profit before tax			1,274,934,152		1,227,088,713
Tax using the Company's tax rate		25.74%	328,145,890	25.00%	306,772,178
Tax effect of:					
Provision for non-deductible expenses		0.95%	12,165,928	0.94%	11,500,000
Adjustments / provision released during the year		0.87%	11,038,480	0.60%	7,311,261
Other components of tax as per Income Tax Ordinance 1984		1.57%	19,974,560	1.63%	19,974,560
Temporary differences		-0.43%	(5,455,852)	-1.52%	(18,622,700)
Adjusted unabsorbed depreciation		-0.93%	(11,833,823)	0.00%	-
		27.77%	354,035,183	26.64%	326,935,300

**26.2 Related tax**

<i>In BDT</i>	2019		
	Before tax	Tax (expense) / benefit	Net of tax
Remeasurement of defined benefit liability	(759,500)	189,875	(569,625)
	(759,500)	189,875	(569,625)

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



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**27 Contingencies and commitments**

**27.1 Commitments**

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Letters of credit	1,976,345,888	1,938,434,726	1,559,645,749	1,358,386,137
Lease hold improvements	4,785,050	-	4,785,050	-
Furniture & fixtures	2,000,000	-	2,000,000	-
Computer & equipment	2,726,670	-	2,726,670	-
	<b>1,985,857,608</b>	<b>1,938,434,726</b>	<b>1,569,157,469</b>	<b>1,358,386,137</b>

The letters of credit were outstanding as at 31 December 2019 against which the Company is committed to purchase products from different companies.

**27.2 Contingent liabilities**

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

	Consolidated		Company	
	2019	2018	2019	2018
(i) Claims against the Company not acknowledged as debts	5,006,676	5,006,676	5,006,676	5,006,676
(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	-	-	-	-
(v) Money for which the Company is contingently liable for any guarantees given by banks	21,815,526	17,620,041	21,065,526	17,620,041
	<b>26,822,202</b>	<b>22,626,717</b>	<b>26,072,202</b>	<b>22,626,717</b>

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.





**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**28 Capacity utilisation**

**28.1 Capacity utilisation-consolidated**

Production	Measurement unit	In units				% of utilisation
		Annual installed capacity	Utilisation during the period	Over/(Under) utilisation		
Panel television	Number	170,000	135,852	(34,148)	79.9	
Air conditioner	Sets	30,000	40,237	10,237	134.1	
Furniture	Sets	5,300	3,072	(2,228)	58.0	
Refrigerator	Number	132,000	141,660	9,660	107.3	

**28.2 Capacity utilisation-company**

Production	Measurement unit	In units				% of utilisation
		Annual installed capacity	Utilisation during the period	Over/(Under) utilisation		
Panel television	Number	170,000	135,852	(34,148)	79.9	
Air conditioner	Sets	30,000	40,237	10,237	134.1	
Furniture	Sets	5,300	3,072	(2,228)	58.0	

**29 Number of employees**

	Consolidated		Company	
	2019	2018	2019	2018
The number of employees engaged for the whole period/ year or part thereof who received a total remuneration of BDT 36,000 and above.	1,653	1,507	1,348	1,224

**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.

Purpose	Name of party	2019		2018	
		Amount (BDT)	Equivalent (USD)	Amount (BDT)	Equivalent (USD)
Dividend, net for the year 2017 (final)	Retail Holdings Bhold B.V., The Netherlands	-	-	255,365,469	3,023,866

**31 Earnings per share (EPS)**

**31.1 Basic earnings per share**

	Consolidated		Company	
	2019	2018	2019	2018
Earnings attributable to the ordinary shareholders	1,031,799,553	920,898,969	1,034,574,115	900,153,413
Weighted average number of ordinary shares outstanding	99,702,838	99,702,838	99,702,838	99,702,838
Basic earnings per share	10.35	9.24	10.38	9.03

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2019 in terms of International Accounting Standard (IAS-33). For comparative year (i.e. 2018) the same no of ordinary shares outstanding were used to compute basic EPS, as 30% stock dividend was declared for the year ended 31 December 2018. Details of share issue has been shown in Annexure - 2.

**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 period.



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**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:

<i>In BDT</i>	2019	2018
Loans and receivables	2,471,880,052	2,225,136,036
Deposits	29,432,145	25,018,340
Cash and cash equivalents	181,712,093	195,070,348
	<b>2,683,024,290</b>	<b>2,445,224,724</b>

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

<i>In BDT</i>	2019	2018
Domestic	2,471,880,052	2,225,136,036



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

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

<i>In BDT</i>	2019	2018
Retail customers	2,100,606,310	2,057,441,574
Wholesale customers	202,133,534	110,348,412
Others	169,140,208	57,346,050
	<b>2,471,880,052</b>	<b>2,225,136,036</b>

**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.

The ageing of receivables at the reporting date was:

<i>In BDT</i>	Gross 2019	Impairment 2019	Gross 2018	Impairment 2018
Not past due	1,861,826,518	2,646,706	1,948,941,745	-
Past due 1-30 days	384,347,078	2,317,934	402,330,753	-
Past due 31-120 days	134,411,514	15,827,864	140,700,655	1,309,187
Past due 121-365 days	44,376,314	53,158,479	46,452,691	41,151,409
More than one year	11,620,044	10,437,285	12,163,748	12,897,746
	<b>2,436,581,468</b>	<b>84,388,268</b>	<b>2,550,589,592</b>	<b>55,358,342</b>

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

<i>In BDT</i>	2019	2018
Opening balance	55,358,342	50,312,052
Allowance recognised for the year	58,994,317	29,072,384
	<b>114,352,659</b>	<b>79,384,436</b>
Allowance written off for the year	(29,964,391)	(24,026,094)
Closing balance	<b>84,388,268</b>	<b>55,358,342</b>



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**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:

<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
<b>As at 31 December 2019</b>							
Non-derivative financial liabilities:							
Bank overdraft	1,961,093,776	2,025,283,633	1,308,413,994	716,869,639	-	-	-
Long-term liability	37,150,985	42,846,102	7,356,892	7,085,505	25,618,794	2,784,911	-
Trade and other payables	2,386,901,238	2,386,901,238	2,188,246,767	198,654,471	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	<b>4,385,145,999</b>	<b>4,455,030,973</b>	<b>3,504,017,653</b>	<b>922,609,615</b>	<b>25,618,794</b>	<b>2,784,911</b>	<b>-</b>
<b>As at 31 December 2018</b>							
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	-	-	-	-	-	-	-
	<b>4,420,969,984</b>	<b>4,539,679,724</b>	<b>2,618,684,719</b>	<b>1,886,831,756</b>	<b>20,190,048</b>	<b>37,150,985</b>	<b>-</b>





**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**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:

<i>In BDT</i>	2019	2018
<b>Fixed rate instruments</b>		
Fixed rate deposits at financial institution	-	-
Fixed rate loans and receivable (net hire receivable)	2,146,447,925	2,088,569,082
Other fixed rate instruments (assets)	-	-
<b>Financial assets</b>	<b>2,146,447,925</b>	<b>2,088,569,082</b>
Fixed rate bank overdraft	-	-
Fixed rate loans	37,150,985	45,872,825
Fixed rate debentures	-	-
Fixed rate promissory notes	-	-
Lease liabilities	-	-
Other fixed rate liabilities	-	-
<b>Financial liabilities</b>	<b>37,150,985</b>	<b>45,872,825</b>
<b>Variable rate instruments</b>		
Variable rate deposits at financial institution	-	-
Variable rate loans and receivable	-	-
Other variable rate instruments (assets)	-	-
<b>Financial assets</b>	<b>-</b>	<b>-</b>
Variable rate bank overdraft	1,961,093,776	2,729,201,744
Variable rate loans	-	-
Variable rate debentures	-	-
Variable rate promissory notes	-	-
Other variable rate liabilities	274,205,948	240,866,549
<b>Financial liabilities</b>	<b>2,235,299,724</b>	<b>2,970,068,293</b>

**32.1.3.2 Cash flow sensitivity analysis for variable rate instruments 2019**

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 2019 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
<b>31 December 2019</b>				
Other variable rate liabilities	(5,484,119)	5,484,119	(5,484,119)	5,484,119
Cash flow sensitivity	(5,484,119)	5,484,119	(5,484,119)	5,484,119



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**32.1.3.3 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	
	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
<i>In BDT</i>				
<b>31 December 2018</b>				
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

**32.1.3.4 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 and payable to Shanghai Sonlu Shanging Enterprise Group Co. Ltd. due to supply of capital machinery of the company.

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

<i>In USD</i>	2019	2018
Accounts payable trade	6,771,881	2,849,256

<i>In EUR</i>	2019	2018
Accounts payable trade	10,275	-

The following significant exchange rates are applied during the period:

<i>In BDT</i>	2019	2018
US Dollar	85.75	84.50
EURO	96.40	-

**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	
	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
<i>In BDT</i>				
<b>31 December 2019</b>				
Expenditures denominated in USD	(29,083,967)	29,083,967	(29,083,967)	29,083,967
Exchange rate sensitivity	(29,083,967)	29,083,967	(29,083,967)	29,083,967

	Profit or loss		Equity	
	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
<i>In BDT</i>				
<b>31 December 2018</b>				
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



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**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 terms.

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:

<i>In BDT</i>	2019	2018
Loans and receivables	2,513,546,473	2,343,454,268
Deposits	23,160,298	22,382,393
Cash and cash equivalents	180,580,885	194,380,687
	<b>2,717,287,656</b>	<b>2,560,217,348</b>

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

<i>In BDT</i>	2019	2018
Domestic	2,513,546,473	2,343,454,268

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

<i>In BDT</i>	2019	2018
Retail customers	2,100,606,310	2,057,441,574
Wholesale customers	202,133,534	110,348,416
Others	210,806,629	175,664,278
	<b>2,513,546,473</b>	<b>2,343,454,268</b>

**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.

The ageing of receivables at the reporting date was:

<i>In BDT</i>	Gross 2019	Impairment 2019	Gross 2018	Impairment 2018
Not past due	1,861,826,518	2,646,706	1,948,941,745	-
Past due 1-30 days	384,347,078	2,317,934	402,330,753	-
Past due 31-120 days	134,411,514	15,827,864	140,700,655	1,309,187
Past due 121-365 days	44,376,314	53,158,479	46,452,691	41,151,409
More than one year	11,620,044	10,437,285	12,163,748	12,897,746
	<b>2,436,581,468</b>	<b>84,388,268</b>	<b>2,550,589,592</b>	<b>55,358,342</b>

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

<i>In BDT</i>	2019	2018
Opening balance	55,358,342	50,312,052
Allowance recognised for the year	58,994,317	29,072,384
	<b>114,352,659</b>	<b>79,384,436</b>
Allowance written off for the year	(29,964,391)	(24,026,094)
Closing balance	<b>84,388,268</b>	<b>55,358,342</b>



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**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:

<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
<b>As at 31 December 2019</b>							
Non-derivative financial liabilities:							
Bank overdraft	1,746,861,938	1,806,002,381	1,118,101,747	687,900,634	-	-	-
Trade and other payables	1,882,191,451	1,882,191,451	1,711,625,916	170,565,535	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	<b>3,629,053,389</b>	<b>3,688,193,832</b>	<b>2,829,727,663</b>	<b>858,466,169</b>	-	-	-
<b>As at 31 December 2018</b>							
Non-derivative financial liabilities:							
Bank overdraft	2,118,835,001	2,213,707,748	918,124,604	1,295,583,144	-	-	-
Trade and other payables	1,712,236,302	1,712,236,302	1,550,859,075	161,377,227	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	<b>3,831,071,303</b>	<b>3,925,944,050</b>	<b>2,468,983,679</b>	<b>1,456,960,371</b>	-	-	-

**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:

<i>In BDT</i>	2019	2018
<b>Fixed rate instruments</b>		
Fixed rate deposits at financial institution	-	-
Fixed rate loans and receivable (net hire receivable)	2,146,447,925	2,088,569,082
Other fixed rate instruments (assets)	-	-
<b>Financial assets</b>	<b>2,146,447,925</b>	<b>2,088,569,082</b>
Fixed rate bank overdraft	-	-
Fixed rate loans	-	-
Fixed rate debentures	-	-
Fixed rate promissory notes	-	-
Lease liabilities	-	-
Other fixed rate liabilities	-	-
<b>Financial liabilities</b>	-	-
<b>Variable rate instruments</b>		
Variable rate deposits at financial institution	-	-
Variable rate loans and receivable	-	-
Other variable rate instruments (assets)	-	-
<b>Financial assets</b>	-	-
Variable rate bank overdraft	1,746,861,938	2,119,372,532
Variable rate loans	-	-
Variable rate debentures	-	-
Variable rate promissory notes	-	-
Other variable rate liabilities	274,205,948	240,866,549
<b>Financial liabilities</b>	<b>2,021,067,886</b>	<b>2,360,239,081</b>





**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**32.2.3.2 Cash flow sensitivity analysis for variable rate instruments 2019**

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 2019 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
<b>31 December 2019</b>				
Other variable rate liabilities	(5,484,119)	5,484,119	(5,484,119)	5,484,119
Cash flow sensitivity	(5,484,119)	5,484,119	(5,484,119)	5,484,119

**32.2.3.3 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.

<i>In BDT</i>	Profit or loss		Equity	
	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
<b>31 December 2018</b>				
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

**32.2.3.4 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:

<i>In USD</i>	2019	2018
Accounts payable trade	4,498,615	2,849,256
<i>In EUR</i>	2019	2018
Accounts payable trade	10,275	-

The following significant exchange rates are applied during the period:

<i>In BDT</i>	2019	2018
US Dollar	85.75	84.50
EURO	96.40	-

**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.

<i>In BDT</i>	Profit or loss		Equity	
	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
<b>31 December 2019</b>				
Expenditures denominated in USD	(19,337,340)	19,337,340	(19,337,340)	19,337,340
Exchange rate sensitivity	(19,337,340)	19,337,340	(19,337,340)	19,337,340

<i>In BDT</i>	Profit or loss		Equity	
	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
<b>31 December 2018</b>				
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

**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.

**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**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 2019	Fair value 2019	Carrying amount 2018	Fair value 2018
<b>Assets carried at fair value</b>				
Financial assets designated at fair value through profit or loss	-	-	-	-
Financial assets held for trading	-	-	-	-
<b>Assets carried at amortised cost</b>				
Loans and receivables	2,471,880,052	2,331,925,740	2,225,136,036	2,083,331,938
Cash and cash equivalents	181,712,093	181,712,093	195,070,348	195,070,348
	<b>2,653,592,145</b>	<b>2,513,637,833</b>	<b>2,420,206,384</b>	<b>2,278,402,286</b>
<b>Liabilities carried at fair value</b>				
Interest rate swaps used for hedges	-	-	-	-
Forward exchange contracts used for hedging	-	-	-	-
<b>Liabilities carried at amortised cost</b>				
Secured bank loans	-	-	-	-
Trade and other payables	2,386,901,238	N/A*	1,646,432,946	N/A*
Bank overdraft	1,961,093,776	1,961,093,776	2,729,201,744	2,729,201,744
	<b>4,347,995,014</b>	<b>1,961,093,776</b>	<b>4,375,634,690</b>	<b>2,729,201,744</b>

**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:

	2019		2018	
	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:

<i>In BDT</i>	Carrying amount 2019	Fair value 2019	Carrying amount 2018	Fair value 2018
<b>Assets carried at fair value</b>				
Financial assets designated at fair value through profit or loss	-	-	-	-
Financial assets held for trading	-	-	-	-
<b>Assets carried at amortised cost</b>				
Loans and receivables	2,513,546,473	2,331,925,740	2,343,454,268	2,083,331,938
Cash and cash equivalents	180,580,885	180,580,885	194,380,687	194,380,687
	<b>2,694,127,358</b>	<b>2,512,506,625</b>	<b>2,537,834,955</b>	<b>2,277,712,625</b>



## Singer Bangladesh Limited

### Notes to the financial statements (continued)

<i>In BDT</i>	Carrying amount 2019	Fair value 2019	Carrying amount 2018	Fair value 2018
<b>Liabilities carried at fair value</b>				
Interest rate swaps used for hedges	-	-	-	-
Forward exchange contracts used for hedging	-	-	-	-
<b>Liabilities carried at amortised cost</b>				
Secured bank loans	-	-	-	-
Trade and other payables	1,882,191,451	N/A*	1,712,236,302	N/A*
Bank overdraft	1,746,861,938	1,746,861,938	2,119,372,532	2,119,372,532
	<b>3,629,053,389</b>	<b>1,746,861,938</b>	<b>3,831,608,834</b>	<b>2,119,372,532</b>

#### 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:

	2019		2018	
	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 confidence of stakeholders 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.



Singer Bangladesh Limited  
Notes to the financial statements (continued)

**35 Related parties**

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 Parent and ultimate controlling party**

Singer Bangladesh Limited (the Company) is a direct subsidiary of Retail Holdings Bhold B.V., The Netherlands (formerly Singer Bhold B.V., The Netherlands) since 2003, which holds 57% of the total shares issued.

Retail Holdings Asia B.V. was the Parent (i.e. owner of 100% shares) of Retail Holdings Bhold B.V., The Netherlands, up to March 2019 as it sold its 100% holdings to Ardutch B.V., The Netherlands which is a direct subsidiary of Arçelik A.Ş.

**35.2 Related party transactions**

Read this note in conjunction with note no. 22.3.

Name of related parties	Relationship	Nature of transaction	Consolidated		Company	
			2019 (BDT)	2018 (BDT)	2019 (BDT)	2018 (BDT)
Arcelik A.S.	Ultimate parent	Procurement of products	-	-	41,353,694	-
BEKO Electrical Appliances Co. Ltd.	Subsidiary of ultimate parent	Procurement of products	-	-	3,491,578	-
BEKO Thai Co. Ltd.	Subsidiary of ultimate parent	Procurement of products	-	-	145,612,400	-
Retail Holdings Bhold B.V., The Netherlands	Parent company	Dividend payment	-	283,739,410	-	283,739,410
Retail Holdings Asia B.V.	Subsidiary of former ultimate parent	Royalty payment	135,234,086	182,838,754	119,174,918	161,377,227
Singer India Ltd.	Subsidiary of former ultimate parent	Procurement of products	-	35,489,526	-	35,489,526
International Appliances Limited	Subsidiary of Singer	Procurement of products	-	-	2,553,539,671	2,146,152,722
International Appliances Limited	Subsidiary of Singer	Current account	-	-	103,617,402	112,563,094
Shanghai Sonlu Shangling Enterprise Group Co. Ltd.	Former non-controlling interest	Procurement of products	-	206,130,148	-	-
Shanghai Sonlu Shangling Enterprise Group Co. Ltd.	Former non-controlling interest	Procurement of plant & machinery	-	-	-	-
Sunman Corporation Limited	Former non-controlling interest	Rent	-	30,361,963	-	-





Singer Bangladesh Limited

Notes to the financial statements (continued)

35.3 Related party receivable/ (payable)

Name of related parties	Relationship	Nature of transaction	Consolidated		Company	
			2019 (BDT)	2018 (BDT)	2019 (BDT)	2018 (BDT)
Arcelik A.S.	Ultimate parent	Payable for inventory	-	-	(990,519)	-
Arcelik A.S.	Ultimate parent	Other payable	-	-	(661,050)	-
Arcelik A.S.	Ultimate parent	Other receivable	-	-	2,515,043	-
Retail Holdings Asia B.V.	Subsidiary of former ultimate parent	Royalty payable Current account	(204,002,080)	(318,072,839)	(175,787,327)	(280,552,145)
Retail Holdings Bhold B.V., The Netherlands	Parent company	Royalty payable Current account	(161,353,422)	-	(140,017,713)	-
Retail Holdings Bhold B.V., The Netherlands	Parent company	Current account	-	-	2,158,465	-
Singer Asia Ltd.	Subsidiary of former ultimate parent	Current account	-	11,452,755	-	11,452,755
Singer India Ltd.	Subsidiary of former ultimate parent	Procurement of products	-	-	-	-
International Appliances Limited	Subsidiary of Singer	Procurement of products	-	-	(113,412,705)	(182,490,513)
International Appliances Limited	Subsidiary of Singer	Current account	-	-	41,996,871	121,614,273
Shanghai Sonlu Shangling Enterprise Group Co. Ltd.	Former non-controlling interest	Procurement of product and plant & machinery	-	-	-	-
Sunman Corporation Limited	Former non-controlling interest	Rent	-	(12,736,817)	-	-
Sunman Corporation Limited	Former non-controlling interest	Other receivable	-	3,991,888	-	-

36 Net asset value (NAV) per share

	Consolidated		Company	
	2019 (BDT)	2018 (BDT)	2019 (BDT)	2018 (BDT)
Total assets	10,331,678,691	8,487,150,710	9,806,371,505	7,896,440,465
Total liability	(7,139,603,617)	(6,176,090,612)	(6,388,877,463)	(5,578,492,159)
Net assets value	3,192,075,074	2,311,060,098	3,417,494,042	2,317,948,306
Number of shares used to compute NAV	99,702,838	99,702,838	99,702,838	99,702,838
Net asset value (NAV) per share	32.02	23.18	34.28	23.25



37 Reconciliation of net income with cashflows from operating activities

	Consolidated		Company	
	2019 (BDT)	2018 (BDT)	2019 (BDT)	2018 (BDT)
Net income	1,031,799,553	920,898,969	1,034,574,115	900,153,413
Add/(deduct) for noncash items:				
Depreciation & amortization	363,170,381	117,643,413	293,500,229	79,967,629
(Gain) / loss on sale of property, plant and equipment	2,886,203	4,778,743	2,886,203	4,778,743
Tax expenses	438,572,792	354,035,183	396,536,039	326,935,300
Finance expenses/(Income)	403,631,459	319,292,407	340,233,543	254,724,883
Changes in:				
(Increase)/Decrease in deposits and prepayments	301,483,049	(53,713,119)	302,647,381	(53,548,740)
(Increase)/Decrease in inventories	(501,064,128)	(928,938,359)	(448,879,356)	(666,060,941)
(Increase)/Decrease in trade and other receivables	(246,744,016)	(369,075,369)	(170,092,205)	(487,818,194)
(Increase)/Decrease in Advances, deposits and prepayments	(389,614,649)	(18,691,571)	(271,616,000)	3,049,114
Increase/(Decrease) in retirement benefits obligation	-	(3,618,300)	-	(2,174,000)
Increase/(Decrease) in other liability (except non remittable account )	35,587,008	63,957,271	35,587,008	63,957,271
Increase/(Decrease) in accounts payables (excluding dividend payable)	734,162,515	141,364,193	163,232,094	201,930,385
Tax paid	(346,829,098)	(422,084,817)	(345,710,200)	(328,347,873)
Interest paid	(474,774,584)	(321,027,197)	(420,277,522)	(256,600,513)
Increase/(Decrease) in short term liability	2,746,368	(269,586,199)	-	-
	323,213,300	(1,385,663,721)	(121,952,786)	(859,206,936)
Net cash flows from operation activities	1,355,012,853	(464,764,752)	912,621,329	40,946,477

37.1 Net operating cash flow per share (NOCFPS)

	Consolidated		Company	
	2019 (BDT)	2018 (BDT)	2019 (BDT)	2018 (BDT)
Net cash from operating activities	1,355,012,853	(464,764,752)	912,621,329	40,946,477
Number of ordinary shares outstanding	99,702,838	99,702,838	99,702,838	99,702,838
Net operating cash flow per share (NOCFPS)	13.59	(4.66)	9.15	0.41

38 Events after the reporting period

- The Board of Directors of the Company has recommended 77% (Tk. 7.70 per share of Tk. 10 each) dividend in its 243th board meeting dated 7 February 2020.
- The Board has also decided to increase Authorized Capital from Tk. 1,000.00 million to Tk. 2,500.00 million in the same meeting.

39 Others

- These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.
- Previous year's figures have been regrouped and/or rearranged wherever considered necessary for the purpose of current year's presentation.



## **Singer Bangladesh Limited**

### **Notes to the financial statements (continued)**

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#### **39.1 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.

#### **39.2 Standards issued but not yet effective**

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8).
- IFRS 17 Insurance Contracts.

#### **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
- j. 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
- W. Leases



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

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**A. Revenue from contracts with customers**

**Type of product / service**

Consumer electronics and household appliances.

**Nature and timing of satisfaction of performance obligations**

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 recognition**

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.

**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. Finance expenses also include interest expense on lease liabilities.

**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 2019.

**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.



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

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**E. Inventories**

Inventories are measured at lower of cost and net realisable value, after making due allowances for obsolete and inventory in excess of 6-12 month sales. 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. The Group uses weighted average cost model in valuing its inventory.

**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.





**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

**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.

The rates of depreciation of SBL, applied on reducing balance method, for the current period 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 period 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:

Intangible assets	Useful life	
	Singer	IAL
Computer Software	5 years	10 years



## Singer Bangladesh Limited

### Notes to the financial statements (continued)

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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.

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.

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 calculated 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.



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

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**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.

**K. Royalty**

Royalty is payable to Retail Holdings Asia B.V. (up to March 2019) and Retail Holdings Bhold B.V. (from April-December 2019) @ 3.75% of net annual invoice price of sale of audio-video sets (radio cassette, recorders and televisions), air conditioner and furniture and International Appliances Limited @ 1.1% on refrigerator assembled and manufactured in Bangladesh for the year 2019 (note 22.1 & 22.2). 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 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 2018).

**O. Employee benefit**

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



**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

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**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.

**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. These financial statements were prepared for twelve months from 1 January to 31 December 2019.

**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.





**Singer Bangladesh Limited**  
**Notes to the financial statements (continued)**

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**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 38.

**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.

*(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.

**W. Leases**

The Group has initially applied IFRS 16 from 1 January 2019. Information about the Group's accounting policies relating to leases is provided in Note 5(A). The effect of initially applying IFRS 16 is described in Note 2.7(C).





## Singer Bangladesh Limited

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

For the period ended 31 December 2019

Particulars	Original cost	Accumulated depreciation	Net book value	Sales proceed	Gain/(Loss)	Mode of disposal
Plant & machinery	483,761	478,055	5,706	-	(5,706)	Adjustment/sold
Computer	5,033,862	4,367,535	666,327	133,200	(533,127)	
Equipment	4,489,649	3,800,847	688,802	123,500	(565,302)	Adjustment/sold
Furniture	40,625	39,721	904		(904)	Adjustment/sold
Leasehold improvements	8,704,679	4,821,071	3,883,608	1,402,500	(2,481,108)	Adjustment/sold
Vehicles	4,872,735	4,176,934	695,801	1,395,745	699,944	Auction sale
	<b>23,625,311</b>	<b>17,684,162</b>	<b>5,941,148</b>	<b>3,054,945</b>	<b>(2,886,203)</b>	



Singer Bangladesh Limited  
Details of share issue (Annexure - 2)

Date of Issue	Basis of Issue of Shares	Total Share & Share Capital		
		No. of Shares Issued	No. of Shares after Bonus	Share Capital Taka 10 each
1983	2567 ordinary shares of Taka 10 each issued for cash	25,670	25,670	256,700
1983	10,258 ordinary shares of Taka 10 each issued for consideration other than cash	102,580	102,580	1,025,800
	<b>Total ordinary shares issued</b>	<b>128,250</b>	<b>128,250</b>	<b>1,282,500</b>
<b>Bonus share</b>				
18-04-85	100%	128,250	256,500	1,282,500
16-04-87	60%	153,900	410,400	1,539,000
16-08-89	100%	410,400	820,800	4,104,000
12-07-92	100%	820,800	1,641,600	8,208,000
12-07-93	100%	1,641,600	3,283,200	16,416,000
01-06-94	50%	1,641,600	4,924,800	16,416,000
28-05-95	50%	2,462,400	7,387,200	24,624,000
21-05-96	50%	3,693,600	11,080,800	36,936,000
16-04-97	50%	5,540,400	16,621,200	55,404,000
28-04-08	35%	5,817,420	22,438,620	58,174,200
27-04-11	75%	16,828,960	39,267,580	168,289,600
08-05-13	25%	9,816,895	49,084,475	98,168,950
28-04-14	25%	12,271,118	61,355,593	122,711,180
30-04-15	25%	15,338,898	76,694,491	153,388,980
23-04-19	30%	23,008,347	99,702,838	230,083,470
	<b>Total bonus shares issued</b>	<b>99,574,588</b>		<b>995,745,880</b>
	<b>Total shares issued</b>	<b>99,702,838</b>		<b>997,028,380</b>

