

**Singer Bangladesh Limited**

Independent auditor's report and financial statements  
as at and for the year ended 31 December 2017



## Rahman Rahman Huq

Chartered Accountants

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

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## Report on the financial statements

We have audited the accompanying financial statements of Singer Bangladesh Limited ("the Company") and the consolidated financial statements of the Company and its subsidiary ("Group"), which comprise the statement of financial position as at 31 December 2017, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the financial

Management is responsible for the preparation financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

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

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

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

## Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017, and of their financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

RRH



**Other matter**

This is the first time consolidation by Singer Bangladesh Limited group after step acquisition of International Appliances Limited on 16 October 2017. The financial statements of the subsidiary, as disclosed in note 5.2, have been audited by us and an unmodified audit opinion has been expressed.

**Report on other legal and regulatory requirements**

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

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company and the Group so far as it appeared from our examination of these books;
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred and payments made were for the purpose of the business of the Company and of the Group.

**Rahman Rahman Huq**  
Dhaka, 15 March 2018

RRH

Singer Bangladesh Limited  
Statement of financial position

In BDT	Note	Consolidated		Company	
		31 December 2017	31 December 2016*	31 December 2017	31 December 2016
<b>Assets</b>					
Property, plant and equipment	3	1,424,361,116	1,034,080,145	1,046,463,051	1,034,080,145
Intangible assets	4	39,542,064	36,032,923	39,542,064	36,032,923
Investments	5	4,199,450	288,278,188	355,987,045	288,278,188
Deferred tax assets	12	18,871,202	37,391,385	24,836,206	37,391,385
Deposits and prepayments	6	283,998,887	214,922,550	272,258,939	214,922,550
<b>Non-current assets</b>		<b>1,770,972,719</b>	<b>1,610,705,191</b>	<b>1,739,087,305</b>	<b>1,610,705,191</b>
Inventories	7	2,968,387,371	2,159,740,405	2,664,943,659	2,159,740,405
Trade and other receivables	8	1,856,060,667	1,538,442,838	1,855,636,074	1,538,442,838
Advances, deposits and prepayments	6	237,332,959	238,801,245	216,821,832	238,801,245
Current tax assets	18	35,896,460	-	-	-
Cash and cash equivalents	9	202,934,615	152,429,314	202,786,490	152,429,314
<b>Current assets</b>		<b>5,300,612,072</b>	<b>4,089,413,802</b>	<b>4,940,188,055</b>	<b>4,089,413,802</b>
<b>Total assets</b>		<b>7,071,584,791</b>	<b>5,700,118,993</b>	<b>6,679,275,360</b>	<b>5,700,118,993</b>
<b>Equity</b>					
Share capital	10	766,944,910	766,944,910	766,944,910	766,944,910
Reserves	11	577,857,676	585,380,060	577,857,676	585,380,060
Retained earnings		815,464,263	594,705,557	839,743,865	594,705,557
<b>Equity attributable to owners of the Company</b>		<b>2,160,266,849</b>	<b>1,947,030,527</b>	<b>2,184,546,451</b>	<b>1,947,030,527</b>
<b>Non-controlling interest</b>		<b>63,164,284</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>2,223,431,133</b>	<b>1,947,030,527</b>	<b>2,184,546,451</b>	<b>1,947,030,527</b>
<b>Liabilities</b>					
Retirement benefit obligations	13	3,618,300	109,618,000	2,174,000	109,618,000
Other liabilities	14	1,470,774,961	1,335,297,010	1,470,774,961	1,335,297,010
<b>Non-current liabilities</b>		<b>1,474,393,261</b>	<b>1,444,915,010</b>	<b>1,472,948,961</b>	<b>1,444,915,010</b>
Trade and other payables	15	1,508,412,542	1,157,720,304	1,522,526,822	1,157,720,304
Short-term borrowings - secured	16	1,587,039,816	1,130,878,507	1,457,644,580	1,130,878,507
Current tax liabilities	18	-	19,574,645	41,608,546	19,574,645
Short term liability	17	278,308,039	-	-	-
<b>Current liabilities</b>		<b>3,373,760,397</b>	<b>2,308,173,456</b>	<b>3,021,779,948</b>	<b>2,308,173,456</b>
<b>Total equity and liabilities</b>		<b>7,071,584,791</b>	<b>5,700,118,993</b>	<b>6,679,275,360</b>	<b>5,700,118,993</b>

The notes on pages 8 to 48 are an integral part of these financial statements.

\*Comparative amounts of 2016 in the consolidated columns represent the audited amount of the Company for the year ended 31 December 2016.

  
Mohamed Haniffa Mohamed Fairoz  
Managing Director

  
Stephen H. Goodman  
Director

  
Mohammad Sanaulah  
Company Secretary

As per our report of same date.

Dhaka, 15 March 2018

RRH



Auditor

Rahman Rahman Huq  
Chartered Accountants

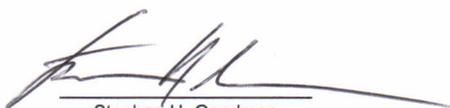
Singer Bangladesh Limited  
Statement of profit or loss and other comprehensive income

In BDT	Note	Consolidated		For the year ended 31 December	
		2017	2016*	2017	2016
Sales		10,967,038,473	8,844,133,053	10,967,038,473	8,844,133,053
Earned carrying charges		92,100,854	163,336,157	92,100,854	163,336,157
Turnover	19	11,059,139,327	9,007,469,210	11,059,139,327	9,007,469,210
Cost of sales	20	(7,940,639,289)	(6,413,780,897)	(7,937,421,611)	(6,413,780,897)
<b>Gross profit</b>		<b>3,118,500,038</b>	<b>2,593,688,313</b>	<b>3,121,717,716</b>	<b>2,593,688,313</b>
Operating expenses	21	(1,961,971,433)	(1,660,079,486)	(1,957,341,233)	(1,660,079,486)
Other income/(loss)	23	28,797,286	1,536,354	25,866,707	1,536,354
<b>Operating profit</b>		<b>1,185,325,891</b>	<b>935,145,181</b>	<b>1,190,243,190</b>	<b>935,145,181</b>
Finance income		563,183	9,840,369	563,183	9,840,369
Finance costs		(158,195,568)	(97,298,322)	(149,016,850)	(97,298,322)
<b>Net finance costs</b>	22	<b>(157,632,385)</b>	<b>(87,457,953)</b>	<b>(148,453,667)</b>	<b>(87,457,953)</b>
Share of profit/(loss) of equity-accounted investees, net of tax	25	56,387,751	(27,081,070)	56,387,751	(27,081,070)
<b>Profit before contribution to workers' profit participation fund</b>		<b>1,084,081,257</b>	<b>820,606,158</b>	<b>1,098,177,274</b>	<b>820,606,158</b>
Contribution to workers' profit participation fund	24	(56,958,437)	(41,030,308)	(54,908,864)	(41,030,308)
<b>Profit before taxation</b>		<b>1,027,122,820</b>	<b>779,575,850</b>	<b>1,043,268,410</b>	<b>779,575,850</b>
Income tax expense	26	(280,975,762)	(233,253,651)	(268,158,891)	(233,253,651)
<b>Profit after tax</b>		<b>746,147,058</b>	<b>546,322,199</b>	<b>775,109,519</b>	<b>546,322,199</b>
<b>Profit attributable to</b>					
Equity holders of the Company (SBL)		750,829,917	546,322,199	-	-
Non-controlling interest		(4,682,859)	-	-	-
		746,147,058	546,322,199	-	-
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Gain on revaluation of property, plant and equipment	3	-	171,922,000	-	171,922,000
Remeasurement of defined benefit liability	13.1	(4,325,000)	(535,000)	(4,325,000)	(535,000)
Related tax	26.1	1,081,250	(3,761,660)	1,081,250	(3,761,660)
		(3,243,750)	167,625,340	(3,243,750)	167,625,340
<b>Total comprehensive income for the period</b>		<b>742,903,308</b>	<b>713,947,539</b>	<b>771,865,769</b>	<b>713,947,539</b>
<b>Total comprehensive income attributable to:</b>					
<b>Equity holders of the Company (SBL)</b>					
Profit after tax		750,829,917	546,322,199	-	-
Other comprehensive income		(3,243,750)	167,625,340	-	-
		747,586,167	713,947,539	-	-
<b>Non-controlling interest</b>					
Profit after tax		(4,682,859)	-	-	-
Other comprehensive income		-	-	-	-
		(4,682,859)	-	-	-
<b>Total comprehensive income for the period</b>		<b>742,903,308</b>	<b>713,947,539</b>	<b>-</b>	<b>-</b>
<b>Earnings per share (EPS)</b>	31	<b>9.79</b>	<b>7.12</b>	<b>10.11</b>	<b>7.12</b>

The notes on pages 8 to 48 are an integral part of these financial statements.

\*Comparative amounts of 2016 in the consolidated columns represent the audited amount of the Company for the year ended 31 December 2016.

  
Mohamed Haniffa Mohamed Fairouz  
Managing Director

  
Stephen H. Goodman  
Director

  
Mohammad Sanaullah  
Company Secretary

As per our report of same date.

  
Rahman Rahman Huq  
Auditor

Dhaka, 15 March 2018

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Singer Bangladesh Limited  
Statement of changes in equity-consolidated

For the year ended 31 December 2017

In BDT	Attributable to owner of the Company						Total equity
	Share capital	Revaluation reserve	Capital reserve	Non-remittable special reserves	Non-distributable special reserves	Total	
Balance at 1 January 2016	766,944,910	403,103,728	18,190,942	370,178	232,847	1,417,332,704	1,417,332,704
Total comprehensive income	-	-	-	-	-	546,322,199	546,322,199
Profit	-	-	-	-	-	546,322,199	546,322,199
Other comprehensive income	-	168,026,590	-	-	-	(401,250)	167,625,340
Total comprehensive income for the year	-	168,026,590	-	-	-	545,920,949	713,947,539
Transaction with owners of the Company	-	-	-	-	-	-	-
Contributions and distributions	-	-	-	-	-	-	-
Dividends:	-	-	-	-	-	-	-
Cash dividend - 2015	-	-	-	-	-	(191,736,228)	(191,736,228)
Total contributions and distributions	-	-	-	-	-	(191,736,228)	(191,736,228)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	4,669,394	-	-	-	2,817,118	7,486,512
Transfer of depreciation on revaluation surplus	-	(9,213,619)	-	-	-	9,213,619	-
Balance at 31 December 2016	766,944,910	566,586,093	18,190,942	370,178	232,847	1,947,030,527	1,947,030,527
Balance at 1 January 2017	766,944,910	566,586,093	18,190,942	370,178	232,847	1,947,030,527	1,947,030,527
Total comprehensive income	-	-	-	-	-	775,109,519	838,273,803
Profit	-	-	-	-	-	775,109,519	838,273,803
Acquisition of business	-	-	-	-	-	(24,279,602)	(24,279,602)
Other comprehensive income	-	-	-	-	-	(3,243,750)	(3,243,750)
Total comprehensive income for the year	-	-	-	-	-	747,586,167	810,750,451
Transaction with owners of the Company	-	-	-	-	-	-	-
Contributions and distributions	-	-	-	-	-	-	-
Dividends:	-	-	-	-	-	-	-
Cash dividend - 2016	-	-	-	-	-	(536,861,437)	(536,861,437)
Total contributions and distributions	-	-	-	-	-	(536,861,437)	(536,861,437)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	-	-	-	-	2,511,592	2,511,592
Transfer of depreciation on revaluation surplus	-	(7,522,384)	-	-	-	7,522,384	-
Balance at 31 December 2017	766,944,910	559,063,709	18,190,942	370,178	232,847	2,160,266,849	2,223,431,133

\*Comparative amounts of 2016 in the consolidated columns represent the audited amount of the Company for the year ended 31 December 2016.

The notes on pages 8 to 48 are an integral part of these financial statements.



Singer Bangladesh Limited  
Statement of changes in equity-company

In BDT	For the year ended 31 December 2017						
	Share capital	Revaluation reserve	Capital reserve	Non-remittable special reserves	Non-distributable special reserves	Retained earnings	Total equity
Balance at 1 January 2016	766,944,910	403,103,728	18,190,942	370,178	232,847	228,490,099	1,417,332,704
Total comprehensive income	-	-	-	-	-	546,322,199	546,322,199
Profit	-	-	-	-	-	(401,250)	167,625,340
Other comprehensive income	-	168,026,590	-	-	-	545,920,949	713,947,539
Total comprehensive income for the year	-	168,026,590	-	-	-	-	-
Transaction with owners of the Company							
Contributions and distributions							
Dividends:							
Cash dividend - 2015	-	-	-	-	-	(191,736,228)	(191,736,228)
Total contributions and distributions	-	-	-	-	-	(191,736,228)	(191,736,228)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	4,669,394	-	-	-	2,817,118	7,486,512
Transfer of depreciation on revaluation surplus	-	(9,213,619)	-	-	-	9,213,619	-
Balance at 31 December 2016	766,944,910	566,586,093	18,190,942	370,178	232,847	594,705,557	1,947,030,527
Balance at 1 January 2017	766,944,910	566,586,093	18,190,942	370,178	232,847	594,705,557	1,947,030,527
Total comprehensive income	-	-	-	-	-	775,109,519	775,109,519
Profit	-	-	-	-	-	(3,243,750)	(3,243,750)
Other comprehensive income	-	-	-	-	-	771,865,769	771,865,769
Total comprehensive income for the year	-	-	-	-	-	-	-
Transaction with owners of the Company							
Contributions and distributions							
Dividends:							
Cash dividend - 2016	-	-	-	-	-	(536,861,437)	(536,861,437)
Total contributions and distributions	-	-	-	-	-	(536,861,437)	(536,861,437)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	-	-	-	-	2,511,592	2,511,592
Transfer of depreciation on revaluation surplus	-	(7,522,384)	-	-	-	7,522,384	-
Balance at 31 December 2017	766,944,910	559,063,709	18,190,942	370,178	232,847	839,743,865	2,184,546,451

The notes on pages 8 to 48 are an integral part of these financial statements.



Singer Bangladesh Limited  
Statement of cash flows

For the year ended 31 December

In BDT	Note	Consolidated		Company	
		2017	2016*	2017	2016
<b>Cash flows from operating activities</b>					
Collections from turnover and other income		10,926,666,976	8,655,259,850	10,873,473,157	8,655,259,850
Payments for costs and expenses		(10,279,047,968)	(9,001,520,854)	(10,196,210,966)	(9,001,520,854)
Interest paid on borrowings		(157,161,309)	(84,247,953)	(149,913,667)	(84,247,953)
Payments to workers' profit participation fund		(41,030,308)	(27,211,220)	(41,030,308)	(27,211,220)
Income tax paid		(210,365,735)	(216,078,786)	(229,981,099)	(216,078,786)
<b>Net cash from operating activities</b>		<b>239,061,656</b>	<b>(673,798,963)</b>	<b>256,337,117</b>	<b>(673,798,963)</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment		(151,242,639)	(108,292,864)	(100,459,858)	(108,292,864)
Encash in short term/term deposits		(1,000,000)	-	(1,000,000)	-
Investment in associate		-	(131,476,700)	-	(131,476,700)
Dividend received from CDBL		1,427,952	1,427,952	1,427,952	1,427,952
Proceeds from sale of property, plant and equipment		3,419,692	5,653,945	3,419,692	5,653,945
<b>Net cash from/(used in) investing activities</b>		<b>(147,394,995)</b>	<b>(232,687,667)</b>	<b>(96,612,214)</b>	<b>(232,687,667)</b>
<b>Cash flows from financing activities</b>					
Dividends paid		(436,133,800)	(157,078,684)	(436,133,800)	(157,078,684)
<b>Net cash used in financing activities</b>		<b>(436,133,800)</b>	<b>(157,078,684)</b>	<b>(436,133,800)</b>	<b>(157,078,684)</b>
<b>Net increase/(decrease) in cash</b>		<b>(344,467,139)</b>	<b>(1,063,565,314)</b>	<b>(276,408,897)</b>	<b>(1,063,565,314)</b>
Cash and cash equivalents at 1 January		(978,449,193)	85,116,121	(978,449,193)	85,116,121
Acquisition of business		(61,188,869)	-	-	-
<b>Cash and cash equivalents at 31 December</b>		<b>(1,384,105,201)</b>	<b>(978,449,193)</b>	<b>(1,254,858,090)</b>	<b>(978,449,193)</b>
<b>Closing cash and cash equivalents have been arrived at as follows:</b>					
Cash and cash equivalents	9	202,934,615	152,429,314	202,786,490	152,429,314
Short-term borrowings - secured (bank overdrafts)	16	(1,587,039,816)	(1,130,878,507)	(1,457,644,580)	(1,130,878,507)
		<b>(1,384,105,201)</b>	<b>(978,449,193)</b>	<b>(1,254,858,090)</b>	<b>(978,449,193)</b>

The notes on pages 8 to 48 are an integral part of these financial statements.

\*Comparative amounts of 2016 in the consolidated columns represent the audited amount of the Company for the year ended 31 December 2016.



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

#### 1.2 Nature of business

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

#### 1.3 Description of subsidiary

##### International Appliances Limited (IAL)

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

### 2 Basis of preparation

#### 2.1 Statement of compliance

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

##### Date of authorisation

The board of directors has authorised these financial statements on 15 March 2018.

#### 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.



## Notes to the financial statements (continued)

### 2.3 Functional and presentational currency

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

### 2.4 Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

Note 3 Depreciation on property, plant and equipment

Note 7 Inventories

Note 8.3 Provision for doubtful debts

Note 12 Deferred tax assets

Note 15 Trade and other payables

Note 26 Income tax expense

### 2.5 Operating segments

BFRS 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 BFRS 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>	2017	2016
Home appliance	7,715,020,645	6,214,654,534
Consumer electronic	2,157,260,550	2,065,091,556
Sewing	422,107,738	429,738,130
Other	597,004,509	139,339,231
<b>Appliances segment</b>	<b>10,891,393,442</b>	<b>8,848,823,451</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.



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	Land		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 2016	389,258,000	74,371,753	219,331,579	384,738,664	16,343,208	54,658,044	102,539,593	20,704,850	153,656,402	320,518	1,415,922,611	
Additions	-	-	-	33,801,010	-	23,422,570	17,872,844	88,734	24,434,626	14,245,214	113,864,998	
Revaluation	171,922,000	-	-	-	-	-	-	-	-	-	171,922,000	
Disposals/transfers	-	-	-	(9,272,377)	-	(10,558,719)	(13,271,902)	(772,404)	(4,046,545)	(5,572,134)	(43,494,081)	
<b>Balance at 31 December 2016</b>	<b>561,180,000</b>	<b>74,371,753</b>	<b>219,331,579</b>	<b>409,267,297</b>	<b>16,343,208</b>	<b>67,521,895</b>	<b>107,140,535</b>	<b>20,021,180</b>	<b>174,044,483</b>	<b>8,993,598</b>	<b>1,658,215,528</b>	
Balance at 1 January 2017	561,180,000	74,371,753	219,331,579	409,267,297	16,343,208	67,521,895	107,140,535	20,021,180	174,044,483	8,993,598	1,658,215,528	
Acquisition of business	-	7,100,209	-	-	-	356,843,318	2,863,636	3,009,497	9,485,821	5,203,749	384,506,230	
Additions	-	4,096,500	3,237,028	44,726,493	85,000	5,182,435	9,535,346	1,672,135	24,739,975	65,517,156	158,792,068	
Revaluation	-	-	-	-	-	-	-	-	-	-	-	
Disposals/transfers	-	-	-	(7,147,443)	-	(7,421,390)	(3,648,000)	(1,390,911)	(5,853,946)	(22,194,348)	(47,656,038)	
<b>Balance at 31 December 2017</b>	<b>561,180,000</b>	<b>78,468,253</b>	<b>229,668,816</b>	<b>446,846,347</b>	<b>16,428,208</b>	<b>422,126,258</b>	<b>115,891,517</b>	<b>23,311,901</b>	<b>202,416,333</b>	<b>57,520,155</b>	<b>2,153,857,788</b>	
<b>Accumulated depreciation</b>												
Balance at 1 January 2016	-	37,803,014	159,603,226	168,176,733	10,187,711	37,544,167	58,854,304	13,096,706	101,702,442	-	586,968,303	
Depreciation for the year	-	3,656,874	11,945,671	22,545,121	615,550	5,796,390	9,941,808	760,316	12,272,111	-	67,533,841	
Adjustment for disposal/transfers	-	-	-	(5,701,614)	-	(10,273,790)	(10,457,468)	(673,131)	(3,260,758)	-	(30,366,761)	
<b>Balance at 31 December 2016</b>	<b>-</b>	<b>41,459,888</b>	<b>171,548,897</b>	<b>185,020,240</b>	<b>10,803,261</b>	<b>33,066,767</b>	<b>58,338,644</b>	<b>13,183,891</b>	<b>110,713,795</b>	<b>-</b>	<b>624,135,383</b>	
Balance at 1 January 2017	-	41,459,888	171,548,897	185,020,240	10,803,261	33,066,767	58,338,644	13,183,891	110,713,795	-	624,135,383	
Acquisition of business	-	-	1,156,933	-	-	44,516,981	119,686	351,829	906,443	-	47,051,872	
Depreciation for the year	-	3,666,699	9,910,152	24,004,313	557,536	12,991,642	10,740,533	773,799	15,081,042	-	77,725,716	
Adjustment for disposal/transfers	-	-	-	(4,672,830)	-	(5,463,625)	(3,282,946)	(852,041)	(5,144,857)	-	(19,416,299)	
<b>Balance at 31 December 2017</b>	<b>-</b>	<b>45,126,587</b>	<b>182,615,982</b>	<b>204,351,723</b>	<b>11,360,797</b>	<b>85,111,765</b>	<b>65,915,917</b>	<b>13,457,478</b>	<b>121,556,423</b>	<b>-</b>	<b>729,496,672</b>	
<b>Carrying amounts</b>												
At 1 January 2016	389,258,000	36,568,739	59,728,353	216,561,931	6,155,497	17,113,877	43,685,289	7,608,144	51,953,960	320,518	828,954,308	
<b>At 31 December 2016</b>	<b>561,180,000</b>	<b>32,911,865</b>	<b>47,782,682</b>	<b>224,247,057</b>	<b>5,539,947</b>	<b>34,455,128</b>	<b>48,801,891</b>	<b>6,837,289</b>	<b>63,330,688</b>	<b>8,993,598</b>	<b>1,034,080,145</b>	
<b>At 31 December 2017</b>	<b>561,180,000</b>	<b>33,341,666</b>	<b>47,052,834</b>	<b>242,494,624</b>	<b>5,067,411</b>	<b>337,014,493</b>	<b>49,975,600</b>	<b>9,854,423</b>	<b>80,859,910</b>	<b>57,520,155</b>	<b>1,424,361,116</b>	

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



### Notes to the financial statements (continued)

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

See accounting policy in Note 40 (F)

In BDT	Land		Building		Leasehold improvements		Plant and machinery	Vehicles	Furniture and fixtures	Equipment and tools	CWIP (Note 3.3)	Total
	Office	Factory	Office	Shops	Office	Shops						
<b>Cost</b>												
Balance at 1 January 2016	389,258,000	74,371,753	219,331,579	16,343,208	384,738,664	54,658,044	102,539,593	20,704,850	153,656,402	320,518	1,415,922,611	
Additions	-	-	-	-	33,801,010	23,422,570	17,872,844	88,734	24,434,626	14,245,214	113,864,998	
Revaluation	171,922,000	-	-	-	(9,272,377)	(10,558,719)	(13,271,902)	(772,404)	(4,046,545)	(5,572,134)	171,922,000	
Disposals/transfers	-	-	-	-	409,267,297	67,521,895	107,140,535	20,021,180	174,044,483	8,993,598	(43,494,081)	
<b>Balance at 31 December 2016</b>	<b>561,180,000</b>	<b>74,371,753</b>	<b>219,331,579</b>	<b>16,343,208</b>	<b>409,267,297</b>	<b>67,521,895</b>	<b>107,140,535</b>	<b>20,021,180</b>	<b>174,044,483</b>	<b>8,993,598</b>	<b>1,658,215,528</b>	
Balance at 1 January 2017	561,180,000	74,371,753	219,331,579	16,343,208	409,267,297	67,521,895	107,140,535	20,021,180	174,044,483	8,993,598	1,658,215,528	
Additions	-	4,096,500	668,792	85,000	44,726,493	4,382,436	9,535,346	-	23,733,485	18,751,736	105,979,788	
Revaluation	-	-	-	-	-	-	-	-	-	-	-	
Disposals/transfers	-	-	-	-	(7,147,443)	(7,421,390)	(3,648,000)	(1,030,021)	(5,666,596)	(16,990,599)	(41,904,049)	
<b>Balance at 31 December 2017</b>	<b>561,180,000</b>	<b>78,468,253</b>	<b>220,000,371</b>	<b>16,428,208</b>	<b>446,846,347</b>	<b>64,482,941</b>	<b>113,027,881</b>	<b>18,991,159</b>	<b>192,111,372</b>	<b>10,754,735</b>	<b>1,722,291,267</b>	
<b>Accumulated depreciation</b>												
Balance at 1 January 2016	-	37,803,014	159,603,226	10,187,711	168,176,733	37,544,167	58,854,304	13,096,706	101,702,442	-	586,968,303	
Depreciation for the year	-	3,656,874	11,945,671	615,550	22,545,121	5,796,390	9,941,808	760,316	12,272,111	-	67,533,841	
Adjustment for disposal/transfers	-	-	-	-	(5,701,614)	(10,273,790)	(10,457,468)	(673,131)	(3,260,758)	-	(30,366,761)	
<b>Balance at 31 December 2016</b>	<b>-</b>	<b>41,459,888</b>	<b>171,548,897</b>	<b>10,803,261</b>	<b>185,020,240</b>	<b>33,066,767</b>	<b>58,338,644</b>	<b>13,183,891</b>	<b>110,713,795</b>	<b>-</b>	<b>624,135,383</b>	
Balance at 1 January 2017	-	41,459,888	171,548,897	10,803,261	185,020,240	33,066,767	58,338,644	13,183,891	110,713,795	-	624,135,383	
Depreciation for the year	-	3,666,699	9,567,700	557,536	24,004,313	7,000,465	10,655,674	679,198	14,890,805	-	71,022,390	
Adjustment for disposal/transfers	-	-	-	-	(4,672,830)	(5,463,625)	(3,282,946)	(804,393)	(5,105,763)	-	(19,329,557)	
<b>Balance at 31 December 2017</b>	<b>-</b>	<b>45,126,587</b>	<b>181,116,597</b>	<b>11,360,797</b>	<b>204,351,723</b>	<b>34,603,607</b>	<b>65,711,372</b>	<b>13,058,696</b>	<b>120,498,837</b>	<b>-</b>	<b>675,828,216</b>	
<b>Carrying amounts</b>												
At 1 January 2016	389,258,000	36,568,739	59,728,353	6,155,497	216,561,931	17,113,877	43,685,289	7,608,144	51,953,960	320,518	828,954,308	
<b>At 31 December 2016</b>	<b>561,180,000</b>	<b>32,911,865</b>	<b>47,782,682</b>	<b>5,539,947</b>	<b>224,247,057</b>	<b>34,455,128</b>	<b>48,801,891</b>	<b>6,837,289</b>	<b>63,330,688</b>	<b>8,993,598</b>	<b>1,034,080,145</b>	
<b>At 31 December 2017</b>	<b>561,180,000</b>	<b>33,341,666</b>	<b>38,883,774</b>	<b>5,067,411</b>	<b>242,494,624</b>	<b>29,879,334</b>	<b>47,316,509</b>	<b>5,932,463</b>	<b>71,612,535</b>	<b>10,754,735</b>	<b>1,046,463,051</b>	

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



Notes to the financial statements (continued)

3.3 Capital work in progress (CWIP)

In BDT	Consolidated				Company		Total
	Leasehold improvements	Machinery	Building	Total	Leasehold improvements	Building	
<b>Cost</b>							
Balance at 1 January 2016	320,518	-	-	320,518	320,518	-	320,518
Additions	11,148,214	-	3,097,000	14,245,214	11,148,214	3,097,000	14,245,214
Disposals/transfers	(5,572,134)	-	-	(5,572,134)	(5,572,134)	-	(5,572,134)
<b>Balance at 31 December 2016</b>	<b>5,896,598</b>	<b>-</b>	<b>3,097,000</b>	<b>8,993,598</b>	<b>5,896,598</b>	<b>3,097,000</b>	<b>8,993,598</b>
<b>In BDT</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 2017	5,896,598	-	3,097,000	8,993,598	5,896,598	3,097,000	8,993,598
Acquisition of business	-	-	5,203,749	5,203,749	-	-	-
Additions	15,924,029	46,765,420	2,827,707	65,517,156	15,924,029	2,827,707	18,751,736
Disposals/transfers	(16,990,599)	-	(5,203,749)	(22,194,348)	(16,990,599)	-	(16,990,599)
<b>Balance at 31 December 2017</b>	<b>4,830,028</b>	<b>46,765,420</b>	<b>5,924,707</b>	<b>57,520,155</b>	<b>4,830,028</b>	<b>5,924,707</b>	<b>10,754,735</b>

Allocation of depreciation

In BDT	Note	Consolidated		Company	
		2017	2016	2017	2016
Cost of sales	20	24,743,922	19,500,734	18,129,224	19,500,734
Operating expenses	21	52,981,794	48,033,107	52,893,166	48,033,107
		77,725,716	67,533,841	71,022,390	67,533,841



## Notes to the financial statements (continued)

### 4 Intangible assets

<i>In BDT</i>	Consolidated		Company	
	Software		Software	
	2017	2016	2017	2016
<b>Cost</b>				
Balance at 1 January	58,944,432	58,944,432	58,944,432	58,944,432
Additions	11,470,580	-	11,470,580	-
Disposals/transfers	-	-	-	-
<b>Balance at 31 December</b>	<b>70,415,012</b>	<b>58,944,432</b>	<b>70,415,012</b>	<b>58,944,432</b>
<b>Accumulated amortisation</b>				
Balance at 1 January	22,911,509	13,903,278	22,911,509	13,903,278
Amortisation for the year	7,961,439	9,008,231	7,961,439	9,008,231
Adjustment for disposal/transfers	-	-	-	-
<b>Balance at 31 December</b>	<b>30,872,948</b>	<b>22,911,509</b>	<b>30,872,948</b>	<b>22,911,509</b>

#### Carrying amounts

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
<b>At 31 December</b>	<b>39,542,064</b>	<b>36,032,923</b>	<b>39,542,064</b>	<b>36,032,923</b>



## Notes to the financial statements (continued)

### 5 Investments

See accounting policy in Note 40 (M)

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Investment in subsidiary	5.2	-	-	351,787,595	-
Equity-accounted investee	5.1 & 5.2	-	285,078,738	-	285,078,738
Investment in term deposit		2,630,000	1,630,000	2,630,000	1,630,000
Investment in Central Depository Bangladesh Limited (CDBL)		1,569,450	1,569,450	1,569,450	1,569,450
		4,199,450	288,278,188	355,987,045	288,278,188

#### 5.1 Equity - accounted investee

<i>In BDT</i>	2017	2016
Investment in IAL	-	312,159,808
Share of loss of IAL	-	(27,081,070)
	-	285,078,738

Singer Bangladesh Limited (SBL) had invested 73.85% (2014: 40%) in the equity of International Appliances Limited (IAL); SBL treated the investment as investment in associate instead of subsidiary up to 16th October 2017. For the reasons stated below.

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

The amended agreement (dated 27 October 2015) changed the shareholding as follows: SBL will hold 73.85% (40% plus 33.85% of the shares previously held by Sunman and Sonlu), Sunman will hold 6.15% and Sonlu will hold 10% of the shares of IAL. SBL granted Sunman an irrevocable and continuing call option to acquire 33.85% of IAL's share, exercisable in one tranche only for the full amount of 33.85%, from SBL, effective and enforceable up to 1 March 2023, with 60 days written notice. The exercise price for the call option will be equal to face value of the 33.85% shares plus 12% compounded annually less any dividend or distribution received in respect to the shares.

As per BFRS 10 (B50) "Substantive potential voting rights alone, or in combination with other rights, can give an investor the current ability to direct the relevant activities." So in light with BFRS, by exercising the call option any time, will give Sunman increased voting rights by reducing the voting rights of SBL. Thus SBL does not have the current ability to direct the relevant activities of IAL up to 16 October 2017.

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

But on 16 October 2017 total investment of Singer Bangladesh Limited (SBL) stood at 83.8319% due to acquisition of further interests and established majority voting interest on IAL. As a consequence, SBL derecognised IAL as equity accounted investee from that date and treated IAL as a subsidiary therefrom.

#### 5.2 Investment in subsidiary

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

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

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

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

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

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

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

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



## Notes to the financial statements (continued)

The detail of investment in IAL is given below.

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

### 6 Advances, deposits and prepayments

See accounting policy in Note 40 (H)

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Employees against expenses		5,897,314	2,985,492	4,897,314	2,985,492
Advances to others	6.1	21,002,785	6,373,779	6,489,123	6,373,779
<b>Advances</b>		<b>26,900,099</b>	<b>9,359,271</b>	<b>11,386,437</b>	<b>9,359,271</b>
Security deposits		32,957,562	14,533,386	19,177,367	14,533,386
<b>Deposits</b>		<b>32,957,562</b>	<b>14,533,386</b>	<b>19,177,367</b>	<b>14,533,386</b>
Prepayments		461,474,185	429,831,138	458,516,967	429,831,138
<b>Prepayments</b>		<b>461,474,185</b>	<b>429,831,138</b>	<b>458,516,967</b>	<b>429,831,138</b>
	6.2	<b>521,331,846</b>	<b>453,723,795</b>	<b>489,080,771</b>	<b>453,723,795</b>

#### 6.1 Advances to others

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
L/C margins, charges and insurance against traded goods	20,997,399	6,348,843	6,483,737	6,348,843
Postage franking machine	5,386	24,936	5,386	24,936
	<b>21,002,785</b>	<b>6,373,779</b>	<b>6,489,123</b>	<b>6,373,779</b>

6.2 Non-current portion of deposits and prepayments	283,998,887	214,922,550	272,258,939	214,922,550
Current portion of advances, deposits and prepayments	237,332,959	238,801,245	216,821,832	238,801,245
	<b>521,331,846</b>	<b>453,723,795</b>	<b>489,080,771</b>	<b>453,723,795</b>

### 7 Inventories

See accounting policy in Note 40 (E)

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Finished goods	2,241,450,738	1,702,110,048	2,194,355,907	1,702,110,048
Raw materials	187,147,662	372,893,064	78,525,895	176,985,997
Goods in transit	634,971,415	176,985,997	487,244,301	372,893,064
	<b>3,063,569,815</b>	<b>2,251,989,109</b>	<b>2,760,126,103</b>	<b>2,251,989,109</b>
Provision for inventory obsolescence	(95,182,444)	(92,248,704)	(95,182,444)	(92,248,704)
	<b>2,968,387,371</b>	<b>2,159,740,405</b>	<b>2,664,943,659</b>	<b>2,159,740,405</b>

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

#### 7.1 Inventories-consolidated

<i>In BDT</i>	2017		
	SBL	IAL	Total
Finished goods	2,194,355,907	102,182,312	2,296,538,219
Less: Unrealised profit (PURP)	-	(55,087,481)	(55,087,481)
	<b>2,194,355,907</b>	<b>47,094,831</b>	<b>2,241,450,738</b>
Raw materials	78,525,895	108,621,767	187,147,662
Goods in transit	487,244,301	147,727,114	634,971,415
	<b>2,760,126,103</b>	<b>303,443,712</b>	<b>3,063,569,815</b>
Provision for inventory obsolescence	(95,182,444)	-	(95,182,444)
	<b>2,664,943,659</b>	<b>303,443,712</b>	<b>2,968,387,371</b>

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



Notes to the financial statements (continued)

**8 Trade and other receivables**

See accounting policy in Note 40 (H)

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Trade receivables	8.1	1,813,516,221	1,495,345,494	1,813,516,221	1,495,345,494
Other receivables	8.2	42,544,446	43,097,344	42,119,853	43,097,344
		1,856,060,667	1,538,442,838	1,855,636,074	1,538,442,838

**8.1 Trade receivables**

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Hire customer receivable	8.1.1	1,718,473,785	1,422,550,286	1,718,473,785	1,422,550,286
Trade and dealer receivable	8.1.2	95,042,436	72,795,208	95,042,436	72,795,208
		1,813,516,221	1,495,345,494	1,813,516,221	1,495,345,494

**8.1.1 Hire customer receivables**

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Hire receivable from customers		2,014,388,386	1,664,665,480	2,014,388,386	1,664,665,480
Unearned carrying charges		(269,843,049)	(220,750,743)	(269,843,049)	(220,750,743)
		1,744,545,337	1,443,914,737	1,744,545,337	1,443,914,737
Provision for doubtful debts	8.3.1	(26,071,552)	(21,364,451)	(26,071,552)	(21,364,451)
		1,718,473,785	1,422,550,286	1,718,473,785	1,422,550,286

**8.1.2 Trade and dealer receivable**

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Trade receivable		80,463,330	67,906,191	80,463,330	67,906,191
Receivable from dealers		20,773,859	9,375,928	20,773,859	9,375,928
		101,237,189	77,282,119	101,237,189	77,282,119
Provision for doubtful debts	8.3.1	(6,194,753)	(4,486,911)	(6,194,753)	(4,486,911)
		95,042,436	72,795,208	95,042,436	72,795,208

**8.2 Other receivables**

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Receivable from Shop Managers		27,430,313	24,472,515	27,430,313	24,472,515
Receivable from Singer Asia Limited		11,452,755	26,178,909	11,452,755	26,178,909
Receivable from employees		2,631,675	6,555,048	2,631,675	6,555,048
Receivable from others		19,075,450	8,766,619	18,650,857	8,766,619
		60,590,193	65,973,091	60,165,600	65,973,091
Provision for doubtful debts	8.3.1	(18,045,747)	(22,875,747)	(18,045,747)	(22,875,747)
		42,544,446	43,097,344	42,119,853	43,097,344

**8.3 Provision for doubtful debts**

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Opening balance		48,727,109	41,628,654	48,727,109	41,628,654
Provision for the year		32,811,452	47,037,453	32,811,452	47,037,453
		81,538,561	88,666,107	81,538,561	88,666,107
Written-off during the year		(31,226,509)	(39,938,998)	(31,226,509)	(39,938,998)
Closing balance	8.3.1	50,312,052	48,727,109	50,312,052	48,727,109

**8.3.1**

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Hire customer receivable	8.1.1	26,071,552	21,364,451	26,071,552	21,364,451
Trade and dealer receivable	8.1.2	6,194,753	4,486,911	6,194,753	4,486,911
Other receivable	8.2	18,045,747	22,875,747	18,045,747	22,875,747
		50,312,052	48,727,109	50,312,052	48,727,109

**8.4 Ageing of hire receivable from customers**

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Due within 3 months		862,236,498	722,784,063	862,236,498	722,784,063
Due over 3 months but within 6 months		692,472,666	586,864,732	692,472,666	586,864,732
Due over 6 months but within 9 months		347,627,237	278,703,401	347,627,237	278,703,401
Due over 9 months but within 12 months		107,446,386	71,836,872	107,446,386	71,836,872
Over 12 months		4,605,599	4,476,412	4,605,599	4,476,412
	8.5	2,014,388,386	1,664,665,480	2,014,388,386	1,664,665,480



Notes to the financial statements (continued)

8.5 Particulars of hire receivable from customers

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Secured - considered good:				
Debts due within 6 months	1,554,709,164	1,309,648,795	1,554,709,164	1,309,648,795
Debts due over 6 months	433,607,670	333,652,234	433,607,670	333,652,234
	1,988,316,834	1,643,301,029	1,988,316,834	1,643,301,029
Secured - considered doubtful:	26,071,552	21,364,451	26,071,552	21,364,451
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	-	-	-	-
	2,014,388,386	1,664,665,480	2,014,388,386	1,664,665,480

9 Cash and cash equivalents

See accounting policy in Note 40 (H)

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Cash in hand	98,208	30,697	33,137	30,697
Cash at bank	158,502,411	89,757,854	158,419,357	89,757,854
Cash in transit	44,333,996	62,640,763	44,333,996	62,640,763
	202,934,615	152,429,314	202,786,490	152,429,314

10 Share capital

See accounting policy in Note 40 (H)

<i>In BDT</i>	2017	2016
<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
76,566,241 ordinary shares of Taka 10 each issued as fully paid-up bonus shares	765,662,410	765,662,410
	766,944,910	766,944,910

Shareholding position:	2017		2016	
	No. of share	Value (BDT)	No. of share	Value (BDT)
<b>Name of shareholder</b>				
Retail Holdings Bhold B.V., The Netherlands	28,373,941	283,739,410	38,423,941	384,239,410
Retail Holdings Bhold B.V., The Netherlands - non-remittable shares	15,333,242	153,332,420	15,333,242	153,332,420
Local shareholders	32,987,308	329,873,080	22,937,308	229,373,080
	76,694,491	766,944,910	76,694,491	766,944,910

Beneficial percentage of holdings	2017	2016
<b>Name of shareholder</b>		
Retail Holdings Bhold B.V., The Netherlands	37.00%	50.10%
Retail Holdings Bhold B.V., The Netherlands - non-remittable shares	20.00%	20.00%
Local shareholders	43.00%	29.90%
	100.00%	100.00%

Classification of shareholders by holding:

Shareholding range	Number of shareholders		Total holding (%)	
	2017	2016	2017	2016
Less than 500 shares	7,742	7,803	1.68	1.65
500 to 5,000 shares	3,477	3,249	7.07	6.53
5,001 to 10,000 shares	274	251	2.59	2.42
10,001 to 20,000 shares	142	125	2.57	2.18
20,001 to 30,000 shares	43	51	1.42	1.68
30,001 to 40,000 shares	24	10	1.10	0.44
40,001 to 50,000 shares	11	14	0.66	0.82
50,001 to 100,000 shares	34	22	3.49	1.94
100,001 to 1,000,000 shares	33	20	10.31	7.25
Over 1,000,000 shares	8	4	69.11	75.09
	11,788	11,549	100.00	100.00



**11 Reserves**

<i>In BDT</i>	<i>Note</i>	<b>2017</b>	<b>2016</b>
Revaluation reserve	11.1	559,063,709	566,586,093
Capital reserve	11.2	18,190,942	18,190,942
Non-remittable special capital reserve	11.3	370,178	370,178
Non-distributable special reserve	11.4	232,847	232,847
		<b>577,857,676</b>	<b>585,380,060</b>

**11.1 Revaluation reserve**

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

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

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

**11.2 Capital reserve**

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

**11.3 Non-remittable special capital reserve**

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

**11.4 Non-distributable special reserve**

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

**12 Deferred tax assets**

See accounting policy in Note 40 (D)

<i>In BDT</i>	<i>Note</i>	<b>Consolidated</b>		<b>Company</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Opening balance		37,391,385	29,056,261	37,391,385	29,056,261
Acquisition of business		6,851,867	-	-	-
		<b>44,243,252</b>	<b>29,056,261</b>	<b>37,391,385</b>	<b>29,056,261</b>
Released/(expense) during the year		(28,960,762)	4,744,022	(16,143,891)	4,744,022
Adjustment on revaluation of PPE		-	(3,895,410)	-	(3,895,410)
Remeasurement of defined benefit liability		1,081,250	-	1,081,250	-
Transferred to retained earnings		2,507,462	7,486,512	2,507,462	7,486,512
		<b>(25,372,050)</b>	<b>8,335,124</b>	<b>(12,555,179)</b>	<b>8,335,124</b>
Closing balance	12.1	<b>18,871,202</b>	<b>37,391,385</b>	<b>24,836,206</b>	<b>37,391,385</b>

**12.1 Closing balance**

<i>In BDT</i>	<i>Note</i>	<b>Consolidated</b>		<b>Company</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Deferred tax assets	12.1.1	105,969,535	76,253,703	60,382,484	76,253,703
Deferred tax liabilities	12.1.2	(87,098,333)	(38,862,318)	(35,546,278)	(38,862,318)
		<b>18,871,202</b>	<b>37,391,385</b>	<b>24,836,206</b>	<b>37,391,385</b>

**12.1.1 Deferred tax assets**

<i>In BDT</i>	<b>Consolidated</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Provision for gratuity	1,049,005	27,404,500	543,500	27,404,500
Reserve against inventories	23,795,611	23,062,176	23,795,611	23,062,176
Reserve for warranty	25,916,418	13,605,250	22,384,110	13,605,250
Provision for bad debts	12,578,013	12,181,777	12,578,013	12,181,777
Remeasurement of defined benefit liability	1,081,250	-	1,081,250	-
Unabsorbed depreciation	41,549,238	-	-	-
	<b>105,969,535</b>	<b>76,253,703</b>	<b>60,382,484</b>	<b>76,253,703</b>

Notes to the financial statements (continued)

12.1.2 Deferred tax liabilities

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Revaluation of land and building	(26,725,876)	(30,026,267)	(26,725,876)	(30,026,267)
Property, plant and equipment	(60,372,457)	(8,836,051)	(8,820,402)	(8,836,051)
	(87,098,333)	(38,862,318)	(35,546,278)	(38,862,318)

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

13 Retirement benefit obligations

Gratuity

See accounting policy in Note 40 (O)

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Opening balance		109,618,000	129,507,000	109,618,000	129,507,000
Acquisition of business		1,263,313	-	-	-
		110,881,313	129,507,000	109,618,000	129,507,000
Provision for the year		18,219,319	17,112,000	18,038,332	17,112,000
		129,100,632	146,619,000	127,656,332	146,619,000
Payments during the year		(125,482,332)	(37,001,000)	(125,482,332)	(37,001,000)
Closing balance	13.1	3,618,300	109,618,000	2,174,000	109,618,000

13.1 Closing balance

	Consolidated		Company	
	2017	2016	2017	2016
Opening balance	109,618,000	129,507,000	109,618,000	129,507,000
Acquisition of business	1,263,313	-	-	-
	110,881,313	129,507,000	109,618,000	129,507,000
<b>Included in profit or loss</b>				
Current service cost	6,221,319	7,512,000	6,040,332	7,512,000
Interest expense/(income)	7,673,000	9,065,000	7,673,000	9,065,000
	13,894,319	16,577,000	13,713,332	16,577,000
Measurements loss/(gain)	4,325,000	535,000	4,325,000	535,000
Other				
Contributions paid by the employer	(112,899,534)	-	(112,899,534)	-
Benefits paid	(12,582,798)	(37,001,000)	(12,582,798)	(37,001,000)
	(125,482,332)	(37,001,000)	(125,482,332)	(37,001,000)
<b>Balance at 31 December</b>	<b>3,618,300</b>	<b>109,618,000</b>	<b>2,174,000</b>	<b>109,618,000</b>

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

14 Other liabilities

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Non-remittable accounts	14.1	1,255,617,323	1,148,284,629	1,255,617,323	1,148,284,629
Security deposits from branch managers, agents and dealers		215,157,638	187,012,381	215,157,638	187,012,381
		1,470,774,961	1,335,297,010	1,470,774,961	1,335,297,010

14.1 Non-remittable accounts

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Current account	(78)	(78)	(78)	(78)
Dividend account:				
Opening balance	1,147,804,717	1,109,471,612	1,147,804,717	1,109,471,612
Dividend for the year	107,332,694	38,333,105	107,332,694	38,333,105
Closing balance	1,255,137,411	1,147,804,717	1,255,137,411	1,147,804,717
Capital gain on sale of land	479,990	479,990	479,990	479,990
	1,255,617,323	1,148,284,629	1,255,617,323	1,148,284,629

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.



Notes to the financial statements (continued)

**15 Trade and other payables**

See accounting policy in Note 40 (H)

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Trade payables	15.1	463,027,693	327,502,660	586,453,931	327,502,660
Other payables	15.2	1,045,384,849	830,217,644	936,072,891	830,217,644
		<b>1,508,412,542</b>	<b>1,157,720,304</b>	<b>1,522,526,822</b>	<b>1,157,720,304</b>

**15.1 Trade payables**

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Trade payable	425,645,193	294,650,766	549,571,431	294,650,766
Freight and carriage and technicians bills payable	37,382,500	32,851,894	36,882,500	32,851,894
	<b>463,027,693</b>	<b>327,502,660</b>	<b>586,453,931</b>	<b>327,502,660</b>

**15.2 Other payables**

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Payable for expenses	15.2.1	753,831,351	622,728,589	715,134,060	622,728,589
Royalty		135,234,085	97,935,552	119,174,918	97,935,552
Payable for other finance	15.2.2	142,682,209	96,497,759	88,126,709	96,497,759
Leasehold improvements against new shops		13,637,204	13,055,744	13,637,204	13,055,744
		<b>1,045,384,849</b>	<b>830,217,644</b>	<b>936,072,891</b>	<b>830,217,644</b>

**15.2.1 Payable for expenses**

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Advertisement and sales promotion	176,927,091	186,410,665	176,927,091	186,410,665
Reserve for early closing of hire sales	267,178,559	196,494,764	267,178,559	196,494,764
Shop rent	63,900,612	48,392,394	50,349,151	48,392,394
Warranty expenses	99,464,541	54,421,000	89,372,233	54,421,000
Reserve for allowable loss	45,143,000	66,653,672	45,143,000	66,653,672
Workers' profit participation and welfare fund allocation	63,546,177	41,030,308	54,908,907	41,030,308
Provision against duty	9,958,156	9,958,156	9,958,156	9,958,156
Utilities	6,200,000	5,000,000	5,000,000	5,000,000
Interest	5,233,155	3,210,000	1,750,000	3,210,000
Collecting expenses	6,879,700	3,841,396	6,879,700	3,841,396
Salary and benefits	2,813,612	3,648,694	2,813,612	3,648,694
Professional and technical fees	3,553,097	2,393,150	3,520,000	2,393,150
Selling expenses	853,651	814,390	853,651	814,390
Statutory audit fee	880,000	460,000	480,000	460,000
Repair & maintenance	1,300,000	-	-	-
	<b>753,831,351</b>	<b>622,728,589</b>	<b>715,134,060</b>	<b>622,728,589</b>

**15.2.2 Payable for other finance**

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Unclaimed dividend	47,401,016	54,006,073	47,401,016	54,006,073
VAT payable - realised from customers	4,369,604	8,447,343	4,369,603	8,447,343
Withholding taxes	13,692,465	14,602,579	13,678,175	14,602,579
Advance from customers	6,300,124	6,451,183	6,300,124	6,451,183
Employees provident fund	(7,523,452)	(10,633,761)	(7,933,112)	(10,633,761)
Security deposits	238,036	-	-	-
Jiangsu Sonlu Import and Export Co. Ltd.	45,712,905	-	-	-
Others	32,491,511	23,624,342	24,310,903	23,624,342
	<b>142,682,209</b>	<b>96,497,759</b>	<b>88,126,709</b>	<b>96,497,759</b>

**16 Short-term borrowings - secured**

See accounting policy in Note 40 (H)

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Bank overdrafts	1,587,039,816	1,130,878,507	1,457,644,580	1,130,878,507
	<b>1,587,039,816</b>	<b>1,130,878,507</b>	<b>1,457,644,580</b>	<b>1,130,878,507</b>



Notes to the financial statements (continued)

**17 Short term liability**

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Commercial Bank of Ceylon Plc	264,254,108	-	-	-
Dhaka Bank Limited	14,053,931	-	-	-
	<b>278,308,039</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

See accounting policy in Note 40 (D)

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Advance income tax	18.1	950,708,275	776,884,854	845,601,127	776,884,854
Provision for income tax	18.2	(914,811,815)	(796,459,499)	(887,209,673)	(796,459,499)
		<b>35,896,460</b>	<b>(19,574,645)</b>	<b>(41,608,546)</b>	<b>(19,574,645)</b>

**18.1 Advance income tax**

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Opening balance	776,884,854	560,806,068	776,884,854	560,806,068
Acquisition of business	105,107,148	-	-	-
	<b>881,992,002</b>	<b>560,806,068</b>	<b>776,884,854</b>	<b>560,806,068</b>
Add: Advance income tax paid during the year	229,981,099	216,078,786	229,981,099	216,078,786
Adjustment for completion of prior year tax assessment	(161,264,826)	-	(161,264,826)	-
<b>Closing balance</b>	<b>950,708,275</b>	<b>776,884,854</b>	<b>845,601,127</b>	<b>776,884,854</b>

**18.2 Provision for income tax**

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Opening balance	796,459,499	558,595,576	796,459,499	558,595,576
Acquisition of business	27,602,142	-	-	-
	<b>824,061,641</b>	<b>558,595,576</b>	<b>796,459,499</b>	<b>558,595,576</b>
Provision during the year	252,015,000	226,500,000	252,015,000	226,500,000
Adjustment for prior year	-	11,363,923	-	11,363,923
Adjustment for completion of prior year tax assessment	(161,264,826)	-	(161,264,826)	-
	<b>914,811,815</b>	<b>796,459,499</b>	<b>887,209,673</b>	<b>796,459,499</b>

**19 Turnover**

See accounting policy in Note 40 (A)

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Home appliance	7,715,020,645	6,214,654,534	7,715,020,645	6,214,654,534
Consumer electronic	2,157,260,550	2,065,091,556	2,157,260,550	2,065,091,556
Sewing	422,107,738	429,738,130	422,107,738	429,738,130
Other	597,004,509	139,339,231	597,004,509	139,339,231
	<b>10,891,393,442</b>	<b>8,848,823,451</b>	<b>10,891,393,442</b>	<b>8,848,823,451</b>
Furniture	167,745,885	158,645,759	167,745,885	158,645,759
	<b>11,059,139,327</b>	<b>9,007,469,210</b>	<b>11,059,139,327</b>	<b>9,007,469,210</b>

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

**19.1 Turnover includes the following**

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Television under consumer electronic	1,891,207,604	1,895,211,369	1,891,207,604	1,895,211,369
Air conditioner under home appliance	1,019,279,503	1,087,110,940	1,019,279,503	1,087,110,940
Furniture	167,745,885	158,645,759	167,745,885	158,645,759
	<b>3,078,232,992</b>	<b>3,140,968,068</b>	<b>3,078,232,992</b>	<b>3,140,968,068</b>



Notes to the financial statements (continued)

20 Cost of sales

In BDT	Note	Consolidated		Company	
		2017	2016	2017	2016
Opening inventory of raw materials		549,879,061	297,353,286	549,879,061	297,353,286
Acquisition of business		324,809,985	-	-	-
		874,689,046	297,353,286	549,879,061	297,353,286
Purchased during the year		2,433,371,731	4,461,406,576	2,254,603,543	4,461,406,576
Closing inventory of raw materials		(822,119,077)	(549,879,061)	(565,770,196)	(549,879,061)
Raw materials consumption	20.1 & 20.2	2,485,941,700	4,208,880,801	2,238,712,408	4,208,880,801
Factory salaries and wages		68,129,424	50,836,150	57,905,643	50,836,150
Freight and carriage		70,101,758	15,290,862	70,090,169	15,290,862
Rent		7,306,340	-	-	-
Depreciation	3.3	24,743,922	19,500,734	18,129,224	19,500,734
Repairs and maintenance		10,693,755	6,693,806	6,609,651	6,693,806
Utilities		10,177,062	4,811,648	5,436,319	4,811,648
Bonus		4,252,980	3,337,927	4,252,980	3,337,927
Consumable stores		4,599,831	1,991,177	3,999,330	1,991,177
Gratuity		3,298,488	2,295,000	3,120,000	2,295,000
Employee benefits and recreation		5,456,125	3,310,442	4,536,168	3,310,442
Contribution to provident fund		2,076,610	1,798,235	1,951,082	1,798,235
Fuel and car maintenance		1,999,875	1,792,402	1,780,726	1,792,402
Insurance		626,161	778,956	786,102	778,956
Stationery		1,583,813	615,531	1,210,639	615,531
Conveyance and travelling		350,604	273,263	321,596	273,263
Travel & entertainment		303,717	-	-	-
Postage & communication		19,559	-	-	-
Miscellaneous		418,790	-	-	-
		216,138,814	113,326,133	180,129,629	113,326,133
Works cost (materials + manufacturing expenses)		2,702,080,514	4,322,206,934	2,418,842,037	4,322,206,934
Opening work-in-process		-	-	-	-
Closing work-in-process		-	-	-	-
Cost of production		2,702,080,514	4,322,206,934	2,418,842,037	4,322,206,934
Opening inventory of finished goods		1,702,110,048	900,432,874	1,702,110,048	900,432,874
Acquisition of business		7,947,727	-	-	-
		1,710,057,775	900,432,874	1,702,110,048	900,432,874
Purchase/production of finished goods		5,769,951,738	2,893,251,137	6,010,825,433	2,893,251,137
		7,480,009,513	3,793,684,011	7,712,935,481	3,793,684,011
Closing inventory of finished goods	20.3	(2,241,450,738)	(1,702,110,048)	(2,194,355,907)	(1,702,110,048)
Cost of sales		7,940,639,289	6,413,780,897	7,937,421,611	6,413,780,897

20.1 Raw materials consumption-consolidated

In BDT	Balance at 1 Jan	Purchases	Balance at 31	Consumption
	2017	during the year	Dec 2017	during the year
<u>Imported</u>				
Television	106,468,603	1,169,652,417	(40,030,619)	1,236,090,401
Air conditioner	59,165,081	628,097,758	(25,288,247)	661,974,592
Refrigerator	324,809,985	178,768,188	(256,348,881)	247,229,292
Others	372,893,064	354,286,106	(487,244,302)	239,934,868
	863,336,733	2,330,804,469	(808,912,049)	2,385,229,153
<u>Locally procured</u>				
Furniture	11,272,893	102,567,262	(13,177,346)	100,662,809
Television, Refrigerator and Other	79,420	-	(29,682)	49,738
	11,352,313	102,567,262	(13,207,028)	100,712,547
	874,689,046	2,433,371,731	(822,119,077)	2,485,941,700

20.2 Raw materials consumption-company

In BDT	Balance at 1 Jan	Purchases	Balance at 31	Consumption
	2017	during the year	Dec 2017	during the year
<u>Imported</u>				
Television	106,468,603	1,169,652,417	(40,030,619)	1,236,090,401
Air conditioner	59,165,081	628,097,758	(25,288,247)	661,974,592
Others	372,893,064	354,286,106	(487,244,302)	239,934,868
	538,526,748	2,152,036,281	(552,563,168)	2,137,999,861
<u>Locally procured</u>				
Furniture	11,272,893	102,567,262	(13,177,346)	100,662,809
Television, Refrigerator and Other	79,420	-	(29,682)	49,738
	11,352,313	102,567,262	(13,207,028)	100,712,547
	549,879,061	2,254,603,543	(565,770,196)	2,238,712,408



Notes to the financial statements (continued)

20.3 Closing stock of finished goods

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Home appliance	1,472,886,911	1,025,127,122	1,425,792,080	1,025,127,122
Consumer electronic	404,175,087	399,661,556	404,175,087	399,661,556
Sewing	72,692,606	55,696,148	128,508,778	53,966,752
Furniture	128,508,778	53,966,752	72,692,606	55,696,148
Other	163,187,356	167,658,470	163,187,356	167,658,470
	<b>2,241,450,738</b>	<b>1,702,110,048</b>	<b>2,194,355,907</b>	<b>1,702,110,048</b>

21 Operating expenses

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Advertisement and sales promotion		528,290,839	462,574,384	528,378,169	462,574,384
Shop operating expenses		350,503,926	298,022,149	350,503,926	298,022,149
Salaries and allowances		273,353,601	225,290,191	272,691,672	225,290,191
Rent and occupancy		212,021,008	171,909,567	212,021,008	171,909,567
Royalty	21.1 & 21.2	122,526,000	97,935,552	119,174,918	97,935,552
Warranty		159,800,075	84,243,344	159,800,075	84,243,344
Utilities		53,229,475	53,472,527	53,229,475	53,472,527
Depreciation	3.3	52,981,794	48,033,107	52,893,166	48,033,107
Bad debts		32,811,452	52,309,232	32,811,452	52,309,232
Office administration		36,377,149	48,745,817	36,371,135	48,745,817
Repairs and maintenance		43,036,608	30,588,813	43,026,608	30,588,813
Directors' fee and remuneration	21.3	12,143,825	13,882,111	12,143,825	13,882,111
Travelling		37,630,509	30,458,897	37,218,803	30,458,897
Amortisation	4	7,961,439	9,008,231	7,961,439	9,008,231
Bank charge		14,860,616	11,436,850	14,756,667	11,436,850
Insurance		4,273,042	6,110,939	4,273,042	6,110,939
Fuel and car maintenance		3,770,470	6,176,693	4,176,196	6,176,693
Professional and technical fees	21.4	10,127,938	5,152,800	9,712,375	5,152,800
Entertainment		4,828,749	3,949,386	4,828,749	3,949,386
Statutory audit fee		596,385	520,000	552,000	520,000
Dues and subscription		846,533	258,896	816,533	258,896
		<b>1,961,971,433</b>	<b>1,660,079,486</b>	<b>1,957,341,233</b>	<b>1,660,079,486</b>

21.1 Royalty-consolidated

<i>In BDT</i>	Turnover from manufacturing units		Royalty charge for the year	
	2017	2016	2017	2016
Audio-video sets (television)	1,839,686,146	1,577,521,224	73,587,446	63,100,849
Air conditioner	977,077,810	719,962,003	39,083,112	28,798,480
Furniture	162,608,996	150,905,568	6,504,360	6,036,223
Refrigerator	335,108,280	-	3,351,082	-
	<b>3,314,481,232</b>	<b>2,448,388,795</b>	<b>122,526,000</b>	<b>97,935,552</b>

Royalty was charged on the net annual invoice price of products manufactured by Singer Bangladesh Limited @ 4% on audio-video sets, air conditioner and furniture and International Appliances Limited @ 1% on refrigerator for the year 2017.

21.2 Royalty-company

<i>In BDT</i>	Turnover from manufacturing units		Royalty charge for the year	
	2017	2016	2017	2016
Audio-video sets (television)	1,839,686,146	1,577,521,224	73,587,446	63,100,849
Air conditioner	977,077,810	719,962,003	39,083,112	28,798,480
Furniture	162,608,996	150,905,568	6,504,360	6,036,223
	<b>2,979,372,952</b>	<b>2,448,388,795</b>	<b>119,174,918</b>	<b>97,935,552</b>

Royalty was charged on the net annual invoice price of products manufactured by Singer Bangladesh Limited @ 4% on audio-video sets, air conditioner and furniture for the year 2017.

21.3 Director's fee and remuneration

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Remuneration	9,849,096	9,978,581	9,849,096	9,978,581
Housing	1,641,000	1,875,500	1,641,000	1,875,500
Retirement benefit scheme	-	1,465,878	-	1,465,878
Medical and welfare	170,729	331,652	170,729	331,652
Fees	483,000	230,500	483,000	230,500
	<b>12,143,825</b>	<b>13,882,111</b>	<b>12,143,825</b>	<b>13,882,111</b>



## Notes to the financial statements (continued)

### 21.4 Professional and technical fees

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Legal and technical services	9,087,688	4,192,550	8,672,125	4,192,550
IFRS audit fees	1,000,000	920,000	1,000,000	920,000
Audit fees for provident fund, workers' profit participation fund etc.	40,250	40,250	40,250	40,250
	<b>10,127,938</b>	<b>5,152,800</b>	<b>9,712,375</b>	<b>5,152,800</b>

### 22 Net finance costs

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Finance income	563,183	9,840,369	563,183	9,840,369
Foreign exchange gain	-	-	-	-
Finance income	<b>563,183</b>	<b>9,840,369</b>	<b>563,183</b>	<b>9,840,369</b>
Interest expenses	(158,195,568)	(97,298,322)	(149,016,850)	(97,298,322)
	<b>(157,632,385)</b>	<b>(87,457,953)</b>	<b>(148,453,667)</b>	<b>(87,457,953)</b>

### 23 Other income/(loss)

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

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Sale of scrapped inventories and others		2,930,578	1,690,132	-	1,690,132
Dividend income from CDBL		1,427,952	1,427,952	1,427,952	1,427,952
Gain/(loss) on sale of discarded fixed assets (Annexure - 1)		(2,164,290)	(1,581,730)	(2,164,290)	(1,581,730)
Discount on acquisition of subsidiary	23.1	25,711,295	-	25,711,295	-
Loss on derecognition of associate	23.4	(15,390,189)	-	(15,390,189)	-
Other		16,281,940	-	16,281,939	-
		<b>28,797,286</b>	<b>1,536,354</b>	<b>25,866,707</b>	<b>1,536,354</b>

#### 23.1 Discount on acquisition of subsidiary

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

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

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

(a) the aggregate of:

- (i) the consideration transferred measured in accordance with this BFRS, which generally requires acquisition-date fair value.
- (ii) the amount of any non-controlling interest in the acquiree measured in accordance with this BFRS; and
- (iii) in a business combination achieved in stages the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

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

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

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

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



Notes to the financial statements (continued)

**Goodwill/(discount)**

<i>In BDT</i>	<i>Note</i>	<b>16 October 2017</b>
Net fair value of purchase consideration		318,692,000
Non-controlling interest (At 16.1681% of fair value of net assets)	23.2	67,846,929
Fair value of acquirer's previously held equity interest	5.2	7,384,300
Fair value of identifiable net assets	23.2	(419,634,524)
		<b>(25,711,295)</b>

**23.2 Fair value of identifiable net assets of IAL acquired**

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

**23.3 Fair value increase of plant and machineries**

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

**23.4 Loss on derecognition of associate**

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

<i>In BDT</i>	<i>Note</i>	<b>16 October 2017</b>
Fair value of acquirer's previously held equity interest at date control obtained	5.2	7,384,300
Carrying amount of associate	23.5	(22,774,489)
		<b>(15,390,189)</b>

**23.5 Carrying amount of associate**

<i>In BDT</i>	<i>Note</i>	<b>16 October 2017</b>
Cost (share capital previously held by acquirer)	5.2	7,384,300
Share of pre-acquisition retained earnings (BDT 20,839,796 at 73.85%)		15,390,189
		<b>22,774,489</b>

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

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

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

<i>In BDT</i>	<i>Note</i>	<b>2017</b>	<b>2016</b>
Profit/(loss) from International Appliances Limited	5.1 & 25.1	56,387,751	(27,081,070)
		<b>56,387,751</b>	<b>(27,081,070)</b>

**25.1 Profit/(loss) from International Appliances Limited**

<i>In BDT</i>	<i>Note</i>	<b>2017</b>
Profit of equity-accounted investee for the period of 16 October 2017, net of tax		76,354,436
Percentage of shareholding on equity-accounted investee	5.1	73.85%
		<b>56,387,751</b>

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



Notes to the financial statements (continued)

**26 Income tax expense**

<i>In BDT</i>	Note	Consolidated		Company	
		2017	2016	2017	2016
Current tax expense	18.2	252,015,000	226,500,000	252,015,000	226,500,000
Prior year's adjustments		-	11,363,923	-	11,363,923
Deferred tax (income)/expense	12 & 26.1	28,960,762	(4,610,272)	16,143,891	(4,610,272)
		<b>280,975,762</b>	<b>233,253,651</b>	<b>268,158,891</b>	<b>233,253,651</b>

**26.1 Related tax**

<i>In BDT</i>	Note	2017		
		Before tax	Tax (expense) / benefit	Net of tax
Remeasurement of defined benefit liability	13.1	(4,325,000)	1,081,250	(3,243,750)
		<b>(4,325,000)</b>	<b>1,081,250</b>	<b>(3,243,750)</b>

**27 Contingencies and commitments**

**27.1 Commitment**

The letters of credit were outstanding as at 31 December 2017 against which the Company is committed to purchase products from different companies.

<i>In BDT</i>	Consolidated		Company	
	2017	2016	2017	2016
Letters of credit	1,503,723,030	1,009,900,885	966,837,544	1,009,900,885

**27.2 Contingent liabilities**

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

	Consolidated		Company	
	2017	2016	2017	2016
(i) Claims against the Company not acknowledged as debts	5,696,542	5,696,542	5,696,542	5,696,542
(ii) Uncalled liability on partly paid shares/ arrears of fixed cumulative dividends on preference shares	-	-	-	-
(iii) Aggregate amount of contracts for capital expenditure remaining to be executed and not provided for	-	-	-	-
(iv) Aggregate amount of any guarantees given by the Company on behalf of directors, managing directors, or other officers of the company	-	-	-	-
(v) Money for which the Company is contingently liable for any guarantees given by banks	17,888,541	17,565,526	17,888,541	17,565,526
	<b>23,585,083</b>	<b>23,262,068</b>	<b>23,585,083</b>	<b>23,262,068</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.



## 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 year	Over/(Under) utilisation	
Panel television	Number	100,000	97,203	(2,797)	97.2
Air conditioner	Sets	24,000	23,500	(500)	97.9
Furniture	Sets	5,300	5,108	(192)	96.4
Refrigerator	Number	120,000	88,010	(31,990)	73.3

#### 28.2 Capacity utilisation-company

Production	Measurement unit	In units			% of utilisation
		Annual installed capacity	Utilisation during the year	Over/(Under) utilisation	
Panel television	Number	100,000	97,203	(2,797)	97.2
Air conditioner	Sets	24,000	23,500	(500)	97.9
Furniture	Sets	5,300	5,108	(192)	96.4

### 29 Number of employees

	Consolidated		Company	
	2017	2016	2017	2016
The number of employees engaged for the whole year or part thereof who received a total remuneration of BDT 36,000 and above.	1,384	1,084	1,152	1,084

### 30 Remittance in foreign currency

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

	Name of party	Amount (BDT)	Equivalent (USD)
Dividend, net for the year 2016 (final)	Retail Holdings Bhold B.V.	242,070,828	3,001,498
Royalty for the year 2016	Singer Asia Limited	88,141,997	1,062,592

### 31 Earnings per share (EPS)

#### 31.1 Basic earnings per share

	Consolidated		Company	
	2017	2016	2017	2016
Earnings attributable to the ordinary shareholders	750,829,917	546,322,199	775,109,519	546,322,199
Weighted average number of ordinary shares outstanding	76,694,491	76,694,491	76,694,491	76,694,491
Basic earnings per share	9.79	7.12	10.11	7.12

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2017 in terms of Bangladesh Accounting Standard (BAS-33).

#### 31.2 Diluted earnings per share

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



## 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>	2017	2016
Loans and receivables	1,856,060,667	1,538,442,838
Cash and cash equivalents	202,934,615	152,429,314
	<b>2,058,995,282</b>	<b>1,690,872,152</b>

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

<i>In BDT</i>	2017	2016
Domestic	1,856,060,667	1,538,442,838
	<b>1,856,060,667</b>	<b>1,538,442,838</b>

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

<i>In BDT</i>	2017	2016
Retail customers	1,422,550,286	1,422,550,286
Wholesale customers	72,795,208	72,795,208
Others	360,715,173	43,097,344
	<b>1,856,060,667</b>	<b>1,538,442,838</b>



## Notes to the financial statements (continued)

### 32.1.1.2 Impairment loss

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

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

The ageing of receivables at the reporting date was:

<i>In BDT</i>	<b>Gross 2017</b>	<b>Impairment 2017</b>	<b>Gross 2016</b>	<b>Impairment 2016</b>
Not past due	2,008,929,738	1,658,236	1,671,956,557	1,621,391
Past due 1-30 days	50,437,543	1,056,694	46,785,065	1,099,114
Past due 31-120 days	63,313,408	10,464,478	39,869,615	7,860,561
Past due 121-365 days	49,647,983	33,245,548	49,309,453	38,146,043
More than one year	3,887,096	3,887,096	-	-
	<b>2,176,215,768</b>	<b>50,312,052</b>	<b>1,807,920,690</b>	<b>48,727,109</b>

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

<i>In BDT</i>	<b>2017</b>	<b>2016</b>
Opening balance	48,727,109	41,628,654
Allowance recognised for the year	32,811,452	47,037,453
	81,538,561	88,666,107
Allowance written off for the year	(31,226,509)	(39,938,998)
Closing balance	<b>50,312,052</b>	<b>48,727,109</b>



## 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 2017</b>							
Non-derivative financial liabilities:							
Bank overdraft	1,587,039,816	1,912,305,268	1,850,340,503	61,964,765	-	-	-
Secured bank loans	-	-	-	-	-	-	-
Trade and other payables	1,508,412,542	1,508,412,542	1,385,886,542	122,526,000	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	<b>3,095,452,358</b>	<b>3,420,717,810</b>	<b>3,236,227,045</b>	<b>184,490,765</b>	-	-	-
<b>As at 31 December 2016</b>							
Non-derivative financial liabilities:							
Bank overdraft	1,130,878,507	1,178,689,998	982,169,212	196,520,786	-	-	-
Secured bank loans	-	-	-	-	-	-	-
Trade and other payables	1,157,720,304	1,157,720,304	1,059,784,752	97,935,552	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	<b>2,288,598,811</b>	<b>2,336,410,302</b>	<b>2,041,953,964</b>	<b>294,456,338</b>	-	-	-



## 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>	2017	2016
<b>Fixed rate instruments</b>		
Fixed rate deposits at financial institution	-	-
Fixed rate loans and receivable (net hire receivable)	1,744,545,337	1,443,914,737
Other fixed rate instruments (assets)	-	-
<b>Financial assets</b>	<b>1,744,545,337</b>	<b>1,443,914,737</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>-</b>	<b>-</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	1,587,039,816	1,130,878,507
Variable rate loans	-	-
Variable rate debentures	-	-
Variable rate promissory notes	-	-
Other variable rate liabilities	215,157,638	182,985,381
<b>Financial liabilities</b>	<b>1,802,197,454</b>	<b>1,313,863,888</b>

#### 32.1.3.2 Cash flow sensitivity analysis for variable rate instruments 2017

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

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



## Notes to the financial statements (continued)

### 32.1.3.3 Cash flow sensitivity analysis for variable rate instruments 2016

A change of 200 basis points in interest rates for other variable rate liabilities which comprise the security deposit from employees and shop managers, in 2016 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

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

### 32.1.3.4 Foreign Currency risk

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

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

<i>In USD</i>	2017	2016
Accounts payable trade	4,892,013	2,624,813

The following significant exchange rates are applied during the period:

<i>In BDT</i>	2017	2016
US Dollar	83.19	78.70

### 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.

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

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



## 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

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>	2017	2016
Loans and receivables	1,855,636,074	1,538,442,838
Cash and cash equivalents	202,786,490	152,429,314
	<b>2,058,422,564</b>	<b>1,690,872,152</b>

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

<i>In BDT</i>	2017	2016
Domestic	1,855,636,074	1,538,442,838
	<b>1,855,636,074</b>	<b>1,538,442,838</b>

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

<i>In BDT</i>	2017	2016
Retail customers	1,718,473,785	1,422,550,286
Wholesale customers	95,042,436	72,795,208
Others	42,119,853	43,097,344
	<b>1,855,636,074</b>	<b>1,538,442,838</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.

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

The ageing of receivables at the reporting date was:

<i>In BDT</i>	Gross 2017	Impairment 2017	Gross 2016	Impairment 2016
Not past due	2,008,929,738	1,658,236	1,671,956,557	1,621,391
Past due 1-30 days	50,437,543	1,056,694	46,785,065	1,099,114
Past due 31-120 days	62,888,814	10,464,478	39,869,615	7,860,561
Past due 121-365 days	49,647,983	33,245,548	49,309,453	38,146,043
More than one year	3,887,096	3,887,096	-	-
	<b>2,175,791,174</b>	<b>50,312,052</b>	<b>1,807,920,690</b>	<b>48,727,109</b>

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

<i>In BDT</i>	2017	2016
Opening balance	48,727,109	41,628,654
Allowance recognised for the year	32,811,452	47,037,453
	<b>81,538,561</b>	<b>88,666,107</b>
Allowance written off for the year	(31,226,509)	(39,938,998)
Closing balance	<b>50,312,052</b>	<b>48,727,109</b>



## 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 2017</b>							
Non-derivative financial liabilities:							
Bank overdraft	1,457,644,580	1,493,328,057	1,431,363,292	61,964,765	-	-	-
Secured bank loans	-	-	-	-	-	-	-
Trade and other payables	1,522,526,822	1,522,526,822	1,403,351,904	119,174,918	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	<b>2,980,171,402</b>	<b>3,015,854,879</b>	<b>2,834,715,196</b>	<b>181,139,683</b>	-	-	-
<b>As at 31 December 2016</b>							
Non-derivative financial liabilities:							
Bank overdraft	1,130,878,507	1,178,689,998	982,169,212	196,520,786	-	-	-
Secured bank loans	-	-	-	-	-	-	-
Trade and other payables	1,157,720,304	1,157,720,304	1,059,784,752	97,935,552	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	<b>2,288,598,811</b>	<b>2,336,410,302</b>	<b>2,041,953,964</b>	<b>294,456,338</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>	2017	2016
<b>Fixed rate instruments</b>		
Fixed rate deposits at financial institution	-	-
Fixed rate loans and receivable (net hire receivable)	1,744,545,337	1,443,914,737
Other fixed rate instruments (assets)	-	-
<b>Financial assets</b>	<b>1,744,545,337</b>	<b>1,443,914,737</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	1,457,644,580	1,130,878,507
Variable rate loans	-	-
Variable rate debentures	-	-
Variable rate promissory notes	-	-
Other variable rate liabilities	215,157,638	182,985,381
<b>Financial liabilities</b>	<b>1,672,802,218</b>	<b>1,313,863,888</b>



## Notes to the financial statements (continued)

### 32.2.3.2 Cash flow sensitivity analysis for variable rate instruments 2017

A change of 200 basis points in interest rates for other variable rate liabilities which comprise the security deposit from employees and shop managers, in 2016 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain

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

### 32.2.3.3 Cash flow sensitivity analysis for variable rate instruments 2016

A change of 200 basis points in interest rates for other variable rate liabilities which comprise the security deposit from employees and shop managers, in 2015 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain

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

### 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>	2017	2016
Accounts payable trade	2,738,288	2,624,813

The following significant exchange rates are applied during the period:

<i>In BDT</i>	2017	2016
US Dollar	83.19	78.70

### 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 2017</b>				
Expenditures denominated in USD	(11,389,909)	11,389,909	(11,389,909)	11,389,909
Exchange rate sensitivity	<b>(11,389,909)</b>	<b>11,389,909</b>	<b>(11,389,909)</b>	<b>11,389,909</b>

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

## 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.



## Notes to the financial statements (continued)

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 2017	Fair value 2017	Carrying amount 2016	Fair value 2016
<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	1,856,060,667	1,702,936,059	1,538,442,838	1,422,050,221
Cash and cash equivalents	202,934,615	202,934,615	152,429,314	152,429,314
	<b>2,058,995,282</b>	<b>1,905,870,674</b>	<b>1,690,872,152</b>	<b>1,574,479,535</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	1,508,412,542	N/A*	1,157,720,304	N/A*
Bank overdraft	1,587,039,816	1,587,039,816	1,130,878,507	1,130,878,507
	<b>3,095,452,358</b>	<b>1,587,039,816</b>	<b>2,288,598,811</b>	<b>1,130,878,507</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:

	2017		2016	
	From %	To %	From %	To %
Derivatives	-	-	-	-
Receivable under hire purchase	-	-	-	-
Loans and borrowings	-	-	-	-
Finance lease liabilities	-	-	-	-

\*Determination of fair value is not required as per the requirements of BFRS 7: *Financial Instruments: Disclosures* (ref: 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 2017	Fair value 2017	Carrying amount 2016	Fair value 2016
<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	1,855,636,074	1,702,936,059	1,538,442,838	1,422,050,221
Cash and cash equivalents	202,786,490	202,786,490	152,429,314	152,429,314
	<b>2,058,422,564</b>	<b>1,905,722,549</b>	<b>1,690,872,152</b>	<b>1,574,479,535</b>



Notes to the financial statements (continued)

<i>In BDT</i>	Carrying amount 2017	Fair value 2017	Carrying amount 2016	Fair value 2016
<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	1,522,526,822	N/A*	1,157,720,304	N/A*
Bank overdraft	1,457,644,580	1,457,644,580	1,130,878,507	1,130,878,507
	<b>2,980,171,402</b>	<b>1,457,644,580</b>	<b>2,288,598,811</b>	<b>1,130,878,507</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:

	2017		2016	
	From %	To %	From %	To %
Derivatives	-	-	-	-
Receivable under hire purchase	-	-	-	-
Loans and borrowings	-	-	-	-
Finance lease liabilities	-	-	-	-

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

**34 Capital management**

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



## Notes to the financial statements (continued)

### 35 Related party disclosures under BAS-24

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

#### 35.1 Related party transactions

Read this note in conjunction with note no. 21.3.

Name of related parties	Relationship	Nature of transaction	Consolidated		Company	
			2017 (BDT)	2016 (BDT)	2017 (BDT)	2016 (BDT)
Retail Holdings Bhold B.V., The Netherlands (formerly Singer Bhold B.V., The Netherlands)	Parent company	Dividend payment	268,967,587	101,180,128	268,967,587	101,180,128
Retail Holdings Asia B.V.	Subsidiary of ultimate parent	Royalty payment	133,594,138	97,935,552	119,174,918	97,935,552
Singer India Ltd.	Subsidiary of ultimate parent	Procurement of products	150,695,986	22,949,951	150,695,986	22,949,951
International Appliances Limited	Subsidiary of SBL	Procurement of products	-	-	1,441,922,016	163,994,751
International Appliances Limited	Subsidiary of SBL	Current account	-	-	3,208,121	193,757,288
Shanghai Sonlu Shangling Enterprise Group Co. Ltd.	Non-controlling interest	Procurement of products	45,712,905	-	-	-
Shanghai Sonlu Shangling Enterprise Group Co. Ltd.	Non-controlling interest	Procurement of plant & machinery	165,236,117	-	-	-
Sunman Corporation Limited	Non-controlling interest	Rent	7,306,340	-	-	-



## Notes to the financial statements (continued)

### 35.2 Related party receivable/(payable)

Name of related parties	Relationship	Nature of transaction	Consolidated		Company	
			2017 (BDT)	2016 (BDT)	2017 (BDT)	2016 (BDT)
Retail Holdings Asia B.V.	Subsidiary of ultimate parent	Royalty payable Current account	(135,234,085)	(97,935,552)	(119,174,918)	(97,935,552)
Singer Asia Ltd.	Subsidiary of ultimate parent	Current account	11,452,754	26,178,908	11,452,754	26,178,908
Singer India Ltd.	Subsidiary of ultimate parent	Procurement of products	(2,696,048)	(5,038,818)	(2,696,048)	(5,038,818)
International Appliances Limited	Subsidiary of SBL	Procurement of products	-	-	(255,455,217)	(50,905,437)
International Appliances Limited	Subsidiary of SBL	Current account	-	-	5,843,058	2,634,937
Shanghai Sonlu Shangling Enterprise Group Co. Ltd.	Non-controlling interest	Procurement of product and plant & machinery	(177,241,885)	-	-	-
Sunman Corporation Limited	Non-controlling interest	Rent	(13,551,461)	-	-	-
Sunman Corporation Limited	Non-controlling interest	Other receivable	6,023,672	-	-	-

### 36 Events after the reporting period

The Board of Directors of the Company has recommended a cash dividend of BDT 10 (100% per share of BDT 10 each) amounting to BDT 766,944,910 in its 230th board meeting dated 15 March 2018.

### 37 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.
- This is the first time consolidation for Singer Bangladesh Limited group. Comparative amounts of 2016 in the consolidated columns in the financial statements and to the financial statements represent the audited amount of the Company for the year ended 31 December 2016.



## Notes to the financial statements (continued)

### 38 Standards adopted but not yet effective

In January 2018, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this recent adoption will not have any impact on the financial statements of the Company going forward.

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. However, the Company has not early applied the following new standards in preparing these financial statements.

New standards	Summary of the requirements	Possible impact on financial statements
BFRS 9 Financial Instruments	<p>BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 "<i>Financial Instruments</i>": Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39.</p> <p>BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.</p>	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 9.
BFRS 15 Revenue from Contracts with Customers	<p>BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including BAS 18 "<i>Revenue</i>", BAS 11 "<i>Construction Contracts</i>" and BFRIC 13 "<i>Customer Loyalty Programmes</i>."</p> <p>BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.</p>	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 15.
BFRS 16 Leases	<p>BFRS 16 eliminates the current operating/finance lease dual accounting model for leases. Instead, there is a single, on-balance sheet accounting model, similar to current finance lease accounting. Issued in January 2016, the new BFRS will replace the existing guidance in BAS 17 <i>Leases</i>.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted.</p>	The Company has yet to assess the potential impact of BFRS 16 on its financial statements.



## Notes to the financial statements (continued)

### 39 Basis of measurement

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

### 40 Significant accounting policies

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

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#### A. Revenue

##### Revenue from sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. This usually occurs at the time of delivery of goods along with invoice.

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

##### Extended warranty

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



## Notes to the financial statements (continued)

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### B. Finance income and finance costs

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

### C. Foreign currency transactions

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

### D. Income tax

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

#### Current tax

The Company qualifies as a "Publicly Traded Company", as defined in income tax law. The applicable tax rate for the Company is 25%. Provision for taxation has been made on this basis which is compliant with the Finance Act 2017.

#### Deferred tax

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

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

### E. Inventories

Inventories are measured at lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The Company 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.



## Notes to the financial statements (continued)

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### F. Property, plant and equipment

#### Recognition and measurement

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

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

#### Cost model

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

#### Revaluation model

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

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

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

#### Subsequent costs

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

#### Depreciation

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

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

Depreciation is charged at the rates varying from 2.5% to 20% depending on the estimated useful lives of assets. No depreciation is charged for work-in-progress.



## Notes to the financial statements (continued)

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

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

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

Building - Office	2.50%
Building - Factory	2.50%
Leasehold improvements	12.50%
Plant and machinery	8.33%
Vehicles	20%
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 BAS 38 - 'Intangible Assets'. Intangible assets with finite useful lives are measured at cost, less accumulated amortisation and accumulated impairment losses.

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

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

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

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

<u>Intangible Assets</u>	<u>Useful Life</u>
Computer Software	10 years

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



## Notes to the financial statements (continued)

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### 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.

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

#### Accounts receivables

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

#### Cash and cash equivalents

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

#### Financial liability

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

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

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

#### Accounts payables

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

### I. Impairment

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



## Notes to the financial statements (continued)

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### J. Provisions

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

### K. Royalty

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

### L. Warranty costs

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

### M. Investments

#### Investment in Central Depository Bangladesh Limited (CDBL)

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

#### Investment in associate

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

#### Investment in term deposit

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

#### Investment in short term deposit

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



## Notes to the financial statements (continued)

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### N. Workers' profit participation fund

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

### O. Employee benefit

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

#### Defined contribution plan (provident fund)

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

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

#### Retirement benefit obligation (gratuity)

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

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

#### Short-term employee benefits

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

### P. Reporting period

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

### Q. Earnings per share

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

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

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



## Notes to the financial statements (continued)

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### 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 BFRS 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 BAS-7 "Statement of Cash Flows" as required by the Bangladesh Securities and Exchange Rules 1987.

### T. Events after the reporting period

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

### U. Offsetting

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

### V. Basis of consolidation

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

#### (i) Subsidiaries

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

#### (ii) Non-controlling interests

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

#### (iii) Loss of control

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

#### (iv) Transactions eliminated on consolidation

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



Singer Bangladesh Limited

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

For the year ended 31 December 2017

Particulars	Original cost	Accumulated depreciation	Net book value	Sales proceed	Gain/(Loss)	Mode of disposal
Plant & machinery	7,421,389	5,463,536	1,957,853	-	(1,957,853)	Adjustment/sold
Equipment	5,666,596	5,105,763	560,833	9,473	(551,360)	Adjustment/sold
Furniture	1,030,022	804,393	225,629	-	(225,629)	Adjustment/sold
Leasehold improvements	7,147,443	4,672,830	2,474,613	1,268,339	(1,206,274)	Adjustment/sold
Vehicles	3,648,000	3,282,946	365,054	2,141,880	1,776,826	Auction
	<b>24,913,450</b>	<b>19,329,468</b>	<b>5,583,982</b>	<b>3,419,692</b>	<b>(2,164,290)</b>	

