

Bangladesh Lamps Limited

**Auditors' Report and Financial statements
as at and for the year ended 30 June 2019**

A. QASEM & Co.

Chartered Accountants

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**Independent Auditor's Report
To the Shareholders of Bangladesh Lamps Limited****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Bangladesh Lamps Limited (the Company), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

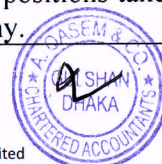
Key audit matters

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

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



Key Audit Matters	How our audit addressed the key audit matters
Recognition of revenue from sale of goods (as described in note 3.10 and 21 of the financial statements)	
<p>The company recognizes revenue when control of the goods is transferred to the customer at an amount that reflects the net consideration, which the company expects to receive for those goods for customers. In determining the sales price, the company considers the effect of rebates and discounts (variable consideration).</p> <p>The terms of sales agreements, including the timing of transfer of control, based on the terms of relevant contract and nature of discount and rebates arrangements, create complexities that requires judgement in determining sales revenues.</p> <p>Considering the above factors and the risk associated with revenue recognition, we have determined the same to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 1. Considered the company's revenue recognition policy and assessed its compliance in terms of IFRS 15 'Revenue from contracts with customers'; 2. Assessed the design and tested the operating effectiveness of internal controls related to sales and applicable rebates/discounts; 3. Performed sample tests of individual sales transaction and traced to sales invoices, sales orders and other related documents. In respect of the samples selected, tested recognition of revenue; 4. Performed test of details, by selecting on a sample basis rebates and discount schemes as approved by the management to assess its accounting; 5. Selected samples of sales transactions made pre and post year end, agreed the period of revenue recognition to underlying documents including customers confirmation; and, 6. Assessed the relevant disclosures made within the financial statements.
Tax Litigations (The current and deferred tax positions, including uncertain tax provisions, are disclosed in Note 3.14, 16 and 20)	
<p>The Company is subject to periodic review by local tax authorities on a range of tax matters during the normal course of business including indirect taxes and transaction related tax matters that could eventually require payments of taxes and possible additional charges.</p> <p>The assessment of uncertainty and risk of one or more unfavourable outcomes involve judgement from management.</p> <p>This was a key audit matter because of the amounts involved and the estimation of the likely impact and the final outcome of these matters.</p> <p>The Company records provisions for uncertain liabilities, including tax contingencies, when it is more likely than not that a liability has been incurred, and the amount can be reliably estimated.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 1. We involved our tax specialists to obtain an understanding of the company's tax strategy. We considered controls and segregation of duties in place relevant to the assessments made by management in determining current and deferred income tax positions and adopted a substantive audit approach. 2. We analyzed the accounted permanent and temporary differences, (potential) tax risks, legislative developments and the status of ongoing tax authority audits. We considered the company's positions by independently testing assumptions and estimates in use with correspondence from i.e. tax authorities, historical track records, tax opinions and tax exposure assessments from third-party tax advisors. 3. Our audit procedures included the involvement of tax specialists to assess the deferred and uncertain tax positions. Our specialist also assisted us in evaluating several positions taken by third party advisors of the company.



Key Audit Matters	How our audit addressed the key audit matters
	<p>4. Contingencies were evaluated for triggers that could result in provisions for uncertain tax positions and vice versa. New tax positions taken during the year were evaluated and discussed with our tax experts on compliance with local laws and regulations and substance requirements.</p> <p>5. We also evaluated the disclosure on the current and deferred tax positions as included in Note 3.16</p>

Other information included in the Company's 30 June 2019 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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


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



Report on other legal and regulatory requirements

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

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



A. Qasem & Co.
Chartered Accountants




Dhaka, 10 October 2019

Bangladesh Lamps Limited
Statement of financial position
as at 30 June 2019

	Notes	30 June 2019 Taka	30 June 2018 Taka
Assets			
Property, plant and equipment	4	99,419,154	113,124,245
Investment in shares:			
At cost	5	88,527,133	88,527,133
Fair value adjustment	6	551,934,109	524,610,661
		640,461,242	613,137,794
Loans and deposits	7	7,280,859	8,166,128
Total non-current assets		747,161,255	734,428,167
Inventories	8	452,793,718	572,080,254
Trade and other receivables	9	311,997,657	274,254,356
Advances, deposits and prepayments	10	31,191,205	21,689,419
Advance income tax	11	321,791,849	279,728,940
Cash and cash equivalent	12	115,128,810	103,476,432
Total current assets		1,232,903,239	1,251,229,401
Total assets		1,980,064,494	1,985,657,568
Equity			
Share capital	13	93,706,080	93,706,080
Reserves and surplus	14	771,582,217	736,458,398
Total equity		865,288,297	830,164,478
Liabilities			
Deferred liability - gratuity payable	15	51,753,995	49,998,937
Deferred tax liability	16	49,588,062	50,203,814
Total non-current liabilities		101,342,057	100,202,751
Short term finance	17	599,998,886	612,612,270
Trade and other payables	18	144,487,908	199,391,773
Other liabilities	19	87,667,795	76,241,380
Provision for tax	20	181,279,551	167,044,916
Total current liabilities and provisions		1,013,434,140	1,055,290,339
Total liabilities		1,114,776,197	1,155,493,090
Total equity and liabilities		1,980,064,494	1,985,657,568

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


Mohammad Ruhan Miah
 Company Secretary



Saifur Rahman
 Director


Latifur Rahman
 Managing Director

As per our annexed report of same date.

Dhaka, 10 October 2019




(A. Qasem & Co.)
 Chartered Accountants

Bangladesh Lamps Limited
Statement of profit or loss and other comprehensive income
for the year ended 30 June 2019

	<u>Notes</u>	<u>30 June 2019</u> <u>Taka</u>	<u>30 June 2018</u> <u>Taka</u>
Revenue	21	1,573,489,302	1,475,772,071
Cost of sales	22	(1,200,423,082)	(1,145,206,426)
Gross profit		373,066,220	330,565,645
Other income	23	34,610,313	35,912,886
Operating expenses	24	(322,387,438)	(287,890,624)
Profit before net finance cost		85,289,095	78,587,907
Finance cost	25	(51,096,181)	(23,635,291)
Finance income	26	7,975,579	4,468,804
Net finance cost		(43,120,602)	(19,166,487)
Profit before contribution to WPPF		42,168,493	59,421,420
Contribution to WPPF		(2,008,023)	(2,829,591)
Profit before income tax		40,160,470	56,591,829
Income tax expenses	27	(10,886,538)	(16,112,713)
Net profit after tax		29,273,932	40,479,116
Other comprehensive income/(loss)			
Changes in fair value of shares available for sale	28	27,323,448	(67,057,114)
Deferred tax income/(expenses)		(2,732,345)	6,705,710
Net other comprehensive income/(loss)		24,591,103	(60,351,404)
Total comprehensive income/(loss)		53,865,035	(19,872,288)
Basic Earnings per share (par value Tk 10 each)	29	3.12	4.32

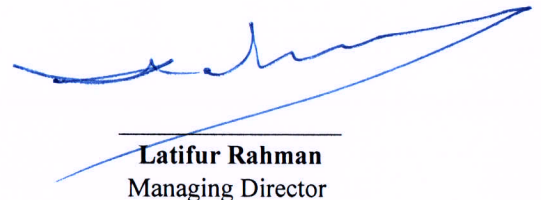
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Mohammad Ruhan Miah
Company Secretary



Saifur Rahman
Director

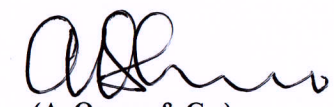


Latifur Rahman
Managing Director

As per our annexed report of same date.



Dhaka, 10 October 2019



(A. Qasem & Co.)
Chartered Accountants

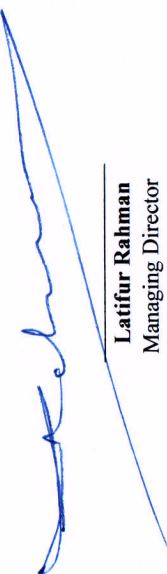
Bangladesh Lamps Limited
Statement of Changes in Equity
for the year ended 30 June 2019

Particulars	Share Capital	Reserves and surplus				Total
	Taka	Capital reserve	General reserve	Fair value reserve	Retained earnings	
		Taka	Taka	Taka	Taka	Taka
Balance as at 1 July 2018	93,706,080	2,305,167	221,524,520	472,149,595	40,479,116	830,164,478
Dividend	-	-	-	-	(18,741,216)	(18,741,216)
Total net profit and other comprehensive income for the year:						
Net profit after tax	-	-	-	-	29,273,932	29,273,932
Other comprehensive income	-	-	-	24,591,103	-	24,591,103
Transfer to general reserve	-	-	21,737,900	-	(21,737,900)	-
Balance as at 30 June 2019	93,706,080	2,305,167	243,262,420	496,740,698	29,273,932	865,288,297
Balance as at 1 July 2017	93,706,080	2,305,167	183,416,823	532,500,999	66,219,521	878,148,590
Dividend	-	-	-	-	(28,111,824)	(28,111,824)
Total net profit and other comprehensive income for the year:						
Net profit after tax	-	-	-	-	40,479,116	40,479,116
Other comprehensive income	-	-	-	(60,351,404)	-	(60,351,404)
Transfer to general reserve	-	-	38,107,697	-	(38,107,697)	-
Balance as at 30 June 2018	93,706,080	2,305,167	221,524,520	472,149,595	40,479,116	830,164,478

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



Mohammad Ruhan Miah
Company Secretary


Saifur Rahman
Director


Latifur Rahman
Managing Director

As per our annexed report of same date.





(A. Ousem & Co.)
Chartered Accountants

Dhaka, 10 October 2019

Bangladesh Lamps Limited
Statement of Cash Flows
for the year ended 30 June 2019

	<u>30 June 2019</u>	<u>30 June 2018</u>
	<u>Taka</u>	<u>Taka</u>
A. Cash flows from operating activities		
Cash receipts from customers	1,741,604,882	1,588,438,847
Cash paid to suppliers	(895,701,091)	(1,157,467,199)
Cash paid to employees	(201,196,277)	(194,622,054)
Cash paid for services received	(335,006,659)	(224,513,629)
Cash payment of VAT	(207,257,921)	(183,120,401)
Contribution to WPPF	(2,829,591)	(2,628,145)
Contribution to provident fund	(1,009,929)	(3,495,601)
Cash flows from/(used in) operation	98,603,414	(177,408,182)
Cost recovery	16,093,116	4,326,000
Collection from sale of scrap and others	255,538	199,251
Interest paid	(44,526,097)	(12,212,391)
Income tax paid	(42,062,909)	(49,270,140)
Net cash flows from/(used in) operating activities	28,363,062	(234,365,462)
B. Cash flows from investing activities		
Dividend received	27,248,111	28,371,901
Proceeds from sale of property, plant and equipment	-	500,000
Payment for acquisition of property, plant and equipment	(15,543,676)	(36,867,520)
Net cash flows from/(used in) investing activities	11,704,435	(7,995,619)
C. Cash flows from financing activities		
Dividend paid	(16,475,347)	(26,361,685)
Net cash used in financing activities	(16,475,347)	(26,361,685)
D. Effect of exchange rate changes in cash and cash equivalent	673,612	-
E. Net cash inflows/(outflows) for the year (A+B+C+D)	24,265,762	(268,722,766)
F. Opening cash and cash equivalent	(509,135,838)	(240,413,072)
Cash and cash equivalent	103,476,432	64,548,138
Short term finance	(612,612,270)	(304,961,210)
G. Closing cash and cash equivalent (E+F)	(484,870,076)	(509,135,838)
Cash and cash equivalent	115,128,810	103,476,432
Short term finance	(599,998,886)	(612,612,270)

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

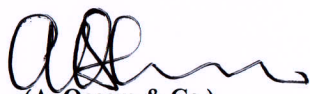

Mohammad Ruhan Miah
Company Secretary


Saifur Rahman
Director


Latifur Rahman
Managing Director

As per our annexed report of same date.




(A. Qasem & Co.)
Chartered Accountants

Dhaka, 10 October 2019

Bangladesh Lamps Limited
Notes to the Financial Statements
As at and for the year ended 30 June 2019

1 Reporting entity

1.1 Company profile

Bangladesh Lamps Limited ("the company") is a public limited company incorporated in 1960 in Bangladesh under the Companies Act 1913. The authorised capital of the company is Taka 500 million divided into 50 million ordinary shares of Taka 10 each. The shares of the company are publicly traded in Dhaka and Chittagong Stock Exchanges.

The entire shareholding of Philips Netherland was sold and transferred on 4 March 1993 to Transcom Limited, a company incorporated in Bangladesh, thus making Bangladesh Lamps Limited a subsidiary of Transcom Limited. At present 61.03% shares are held by Transcom Limited and its subsidiary Transcom Electronics Limited. Remaining 38.97% shares are held by institutional and general public including foreign investors.

The address of the head office of the company is Sadar Road, Mohakhali, Dhaka-1206.

1.2 Nature of business

The company produces and sells Philips and Transtec brand electric bulbs, Transtec brand Compact Fluorescent Lamps (CFL), Luminiare, Fluorescent Tube Lights (FTL), Starters and Light-emitting diodes (LED) in local market. It also imports and sells ballasts to the local market.

2 Basis of preparation

2.1 Statement of compliance

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

Initial application of new standards

The company has initially applied IFRS 15 (see note 3.10) and IFRS 9 (see note 3.2) from 1 July 2018. These two new standards do not have a material effect on the company's financial statements.

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

Date of authorisation

The financial statements were authorised for issue by the Board of Directors on 10/10/2019.

2.2 Going concern

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



2.3 Fair value measurement

The entity measures financial instruments such as financial assets available for sale at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset and transfer the liability takes place either: i) in the principal and active market of the asset and the liability or ii) in the absence of principal market, in the most advantageous market of the asset and the liability.

2.4 Basis of measurement

These financial statements have been prepared on going concern basis under the historical cost convention except investment available for sale which is measured at fair value.

2.5 Reporting period

Financial year of the company covers the period from 01 July 2018 to 30 June 2019.

2.6 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), unless otherwise stated, which is the company's functional currency. All financial information are presented in Taka and have been rounded off to the nearest integer.

2.7 Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

Note 4 : Property, plant and equipment

Note 8 : Inventories

Note 15 : Deferred liability - gratuity payable

Note 16 : Deferred tax liability

Note 18 : Trade and other payables

Note 20 : Provision for tax

2.8 Statement of cash flows

Statement of cash flows is prepared under direct method in accordance with International Accounting Standard (IAS)-7 "Statement of cash flows" as required by the Securities and Exchange Rules, 1987.



3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency

Foreign currencies are translated into Taka at the rates ruling on the transaction dates. Monetary assets and liabilities are translated at the rates prevailing at the date of statement of financial position. Non-monetary assets and liabilities are reported using the exchange rate at the date of transaction. Differences arising on conversion are charged or credited to the statement of profit or loss and other comprehensive income.

3.2 IFRS 9 Financial Instruments

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

There was no material impact of adopting IFRS 9 on the company's statement of financial position as at 30 June 2019 and its statement of profit or loss and OCI for the year ended 30 June 2019 and the statement of cash flows for the year then ended.

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

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

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

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

Items of property, plant and equipment are measured at cost or valuation less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of property, plant and equipment and bringing to the location and condition necessary for it to be capable of operating in the intended manner. The cost of self constructed asset included the cost of material and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use.

3.3.2 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 servicing of property, plant and equipment are recognised in statement of profit or loss and other comprehensive income as incurred.



3.3.3 Depreciation

Depreciation is charged on all items of property, plant and equipment on straight line method over their estimated useful lives. Depreciation is charged from the month of acquisition of property, plant and equipment and no depreciation is charged in the month of disposal. The useful lives used are summarised as below:

Leasehold buildings	10-33 years or lease term whichever is shorter
Machinery	5-20 years
Tools and equipment	5-20 years
Electrical equipment	3-15 years
Office equipment	3-7 years
Vehicles	5 years
Furniture and fittings	4-7 years

3.3.4 Retirement and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset in statement of profit or loss and other comprehensive income.

3.3.5 Impairment

Recognition

The carrying value of the company's assets, other than inventories, are reviewed at each date of the statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss will be recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss and other comprehensive income.

3.4 Intangible assets

3.4.1 Recognition

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment loss, (if any). Intangible asset is recognised when all the conditions for recognition as per *IAS 38: Intangible assets* are met. The cost of the intangible assets comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

3.4.2 Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other expenditures are recognised in the statement of profit or loss and other comprehensive income when incurred.

3.4.3 Amortisation

Intangible assets are amortised on straight line basis to the statement of profit or loss and other comprehensive income from the date when the asset is available for use over its best estimated economic life.



3.5 Investments

Investments are made in the share of different companies. These shares are non derivative financial assets that are designated as available for sale financial assets. Subsequent to initial recognition (i.e., at cost), they are measured at fair value and changes therein are recognised in other comprehensive income and presented in the fair value reserve in equity.

3.6 Inventories

Inventories include raw materials, raw materials in transit, work-in-process, finished goods and spare parts. These are valued at the lower of cost and net realisable value, with appropriate provisions for obsolete and slow-moving items. Cost is determined using the weighted average method and includes all expenses incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.7 Employee benefit costs

3.7.1 Gratuity

The Company operates an unfunded gratuity scheme for its permanent employees, under which an employee is entitled to the benefits depending on the length of services and last drawn basic salary. The gratuity provision has been investigated by Actuarial and Pension consultants in this year.

3.7.2 Provident fund

The company also maintains a contributory provident fund for its permanent employees which is administered by the Board of Trustees.

3.7.3 Workers' profit participation fund

Workers' profit participation fund (WPPF) qualifies as defined contribution plan. Each year the fund will be entitled to get share of profit @ 5% on profit before tax of Bangladesh Lamps Limited as per provision of the Bangladesh Labour (Amendment) Act 2013.

3.8 Provisions

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.9 Borrowing cost

Interest is payable on facilities from banks and overdrafts at normal commercial rates. Borrowing costs are recognised as expense in the year in which they are incurred. Borrowing costs relating to property, plant and equipment up to the period of completion of erection are capitalised, and those for the subsequent period is charged in statement of profit or loss and other comprehensive income.



3.10 IFRS 15 Revenue from Contracts with Customers

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

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

There was no material impact of adopting IFRS 15 on the Company's statement of financial position as at 30 June 2019 and its statement of profit or loss and OCI for the year ended 30 June 2019 and the statement of cash flows for the year then ended.

3.11 Finance income

Finance income comprises interest income from STD Accounts and Fixed Deposit Receipts (FDR).

3.12 Earnings per share

The company presents basic earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the net profit for the year (other than impact on changes in fair value of available-for-sale financial assets) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the year end.

3.13 Contingencies

3.13.1 Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Details of contingent liabilities are disclosed in note 40.

Contingent liabilities are not recognised in the statement of financial position of the Company. Moreover, contingencies arising from claims, litigation, assessments, fines penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonable estimated.

3.13.2 Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.



3.14 Taxation

3.14.1 Current tax

Current tax has been provided in the financial statements at the rate applicable for the company as per the Income Tax Ordinance 1984. The applicable tax rate for the company is 25% as per Finance Act 2019.

3.14.2 Deferred tax

Deferred tax is recognised in accordance with the provision of *IAS 12: Income Taxes*, 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.

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.

3.15 Standards adopted but not yet effective

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

Of those standards that are not yet effective, the company intends to adopt IFRS 16, when it becomes effective, and is expected to have a no material impact on the company's financial statements in the period of initial application.

IFRS 16 Leases

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

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

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

3.16 Operating segment

As the company's business activity falls within a single business segment viz, 'bulbs' and the sales substantially being in the domestic market, the financial statements are reflective of the information required by IFRS 8 "Operating Segment".

3.17 Events after the reporting period

Events after the reporting date that provide additional information about the company's position at the reporting date are reflected in the financial statements. Material events after the reporting date that are not adjusting events are disclosed in the notes.

3.18 General

Previous period's figures have been rearranged, wherever necessary, to conform to current year's presentation.



4 Property, plant and equipment

At 30 June 2019

Particulars	Note	Leasehold buildings Note 4.1	Machinery	Tools and equipment	Electrical equipment	Office equipment	Vehicles	Furniture and fittings	Total
		Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Cost:									
As at 1 July 2018		92,538,873	513,145,432	9,688,641	27,968,037	4,832,549	6,675,532	4,069,138	658,918,202
Additions during the year		-	6,031,087	257,178	455,222	1,740,770	6,708,919	350,500	15,543,676
Disposals during the year		-	-	-	-	-	-	-	-
As at 30 June 2019		92,538,873	519,176,519	9,945,819	28,423,259	6,573,319	13,384,451	4,419,638	674,461,878
Depreciation:									
As at 1 July 2018		61,960,221	439,097,087	8,816,636	24,413,914	3,651,195	4,343,879	3,511,025	545,793,957
Charge during the year	4.2	6,179,678	19,440,463	362,899	1,005,627	608,990	1,460,635	190,475	29,248,767
Adjustments for disposals		-	-	-	-	-	-	-	-
As at 30 June 2019		68,139,899	458,537,550	9,179,535	25,419,541	4,260,185	5,804,514	3,701,500	575,042,724
Net book value:									
As at 30 June 2019		24,398,974	60,638,969	766,284	3,003,718	2,313,134	7,579,937	718,138	99,419,154

At 30 June 2018

Particulars	Note	Leasehold buildings Note 4.1	Machinery	Tools and equipment	Electrical equipment	Office equipment	Vehicles	Furniture and fittings	Total
		Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Cost:									
As at 1 July 2017		91,477,631	482,339,986	9,588,737	26,584,727	4,128,649	6,621,072	3,663,120	624,403,922
Additions during the year		1,061,242	33,158,686	99,904	1,383,310	703,900	54,460	406,018	36,867,520
Disposals during the year		-	(2,353,240)	-	-	-	-	-	(2,353,240)
As at 30 June 2018		92,538,873	513,145,432	9,688,641	27,968,037	4,832,549	6,675,532	4,069,138	658,918,202
Depreciation:									
As at 1 July 2017		55,818,636	425,954,580	8,485,772	21,433,714	3,305,570	3,753,197	3,379,928	522,131,397
Charge during the year	4.2	6,141,585	13,730,817	330,864	2,980,200	345,625	590,682	131,097	24,250,870
Adjustments for disposals		-	(588,310)	-	-	-	-	-	(588,310)
As at 30 June 2018		61,960,221	439,097,087	8,816,636	24,413,914	3,651,195	4,343,879	3,511,025	545,793,957
Net book value:									
As at 30 June 2018		30,578,652	74,048,345	872,005	3,554,123	1,181,354	2,331,653	558,113	113,124,245

4.1 The buildings have been constructed on the land leased from Sena Kalyan Sangstha for a period of 38 years commencing from 29 March 1983 expiring in 2021.



4.2 Depreciation allocated to:

	<u>Note</u>	<u>30 June 2019</u> Taka	<u>30 June 2018</u> Taka
Cost of sales	22	27,305,673	23,215,234
Operating expenses	24	1,943,094	1,035,636
		<u>29,248,767</u>	<u>24,250,870</u>

4.3 Disposal of property, plant and equipment

Particulars	<u>Original cost</u> Taka	<u>Accumulated depreciation</u> Taka	<u>Book value</u> Taka	<u>Sale value</u> Taka	<u>Mode of disposal</u>
Machinery	2,353,240	588,310	1,764,930	2,000,000	Sale
2017-2018	<u>2,353,240</u>	<u>588,310</u>	<u>1,764,930</u>	<u>2,000,000</u>	



		<u>At 30 June 2019</u>	<u>At 30 June 2018</u>
	<u>Note</u>	<u>Taka</u>	<u>Taka</u>
5.0 Investments			
Investment (at cost)			
Quoted			
Reliance Insurance Limited		2,593,478	2,593,478
Pubali Bank Limited		322,520	322,520
IDLC Finance Limited		42,882,460	42,882,460
National Housing Finance and Investment Limited (NHFIL)		41,159,225	41,159,225
		86,957,683	86,957,683
Unquoted			
Central Depository Bangladesh Limited (CDBL)		1,569,450	1,569,450
		88,527,133	88,527,133
Quoted (at fair value)			
Reliance Insurance Limited (1,216,155 shares)	5.1	54,848,591	52,073,572
Pubali Bank Limited (1,667,272 shares)	5.2	43,849,253	37,392,247
IDLC Finance Limited (4,977,069 shares)	5.3	300,117,261	329,979,675
National Housing Finance and Investment Limited (5,635,603 shares)	5.4	240,076,687	192,122,850
		638,891,792	611,568,344
Unquoted - at cost:			
Central Depository Bangladesh Limited (CDBL) (571,181 ordinary shares)		1,569,450	1,569,450
		640,461,242	613,137,794

- 5.1 During the year Company received total 110,559 bonus shares from Reliance Insurance Limited. Fair value of the share as at 30 June 2019 was Tk 45.10 each, being quoted market price on that day.
- 5.2 During the year Company received total 48,560 bonus shares from Pubali Bank Limited. Fair value of the shares as at 30 June 2019 was Tk 26.30 each, being quoted market price on that day.
- 5.3 Fair value of the shares as at 30 June 2019 of IDLC Finance Limited was Tk 60.30 each, being quoted market price on that day.
- 5.4 During the year Company received total 512,327 bonus shares from National Housing Finance & Investment Limited (NHFIL). Fair value of the shares as at 30 June 2019 of was Tk 42.60 each, being quoted market price on that day.

		<u>At 30 June 2019</u>	<u>At 30 June 2018</u>
	<u>Note</u>	<u>Taka</u>	<u>Taka</u>
6.0 Fair value adjustment			
Fair value of the investment (Quoted shares)	5.0	638,891,792	611,568,344
Less: Cost price of the investment (Quoted shares)	5.0	86,957,683	86,957,683
		551,934,109	524,610,661
7.0 Loans and deposits			
Cash and article loan to employees		9,193,681	9,860,601
Security and guarantee deposits		1,963,600	1,963,600
		11,157,281	11,824,201
Less : Current portion classified as current assets	10	3,876,422	3,658,073
		7,280,859	8,166,128



	<u>Note</u>	<u>At 30 June 2019</u> <u>Taka</u>	<u>At 30 June 2018</u> <u>Taka</u>
8.0 Inventories			
Raw materials		275,762,413	380,708,029
Raw materials in transit		46,274,670	90,084,814
Work-in-process		2,040,240	3,138,808
Finished goods		111,166,435	79,923,685
Promotional goods		3,265,837	5,388,600
Spare parts		14,284,123	12,836,318
		<u>452,793,718</u>	<u>572,080,254</u>
9.0 Trade and other receivables			
Trade receivables	9.1	306,210,125	267,123,547
Expected credit loss	35.1	(3,293,000)	(3,000,000)
Other receivables	9.2	9,080,532	10,130,809
		<u>311,997,657</u>	<u>274,254,356</u>
9.1 Trade receivables			
Sales to customers :			
Due below six months		293,072,253	253,501,556
Due more than six months		13,137,872	13,621,991
		<u>306,210,125</u>	<u>267,123,547</u>
9.2 Other receivables			
Bangladesh Electrical Industries Ltd.		1,367,632	726,186
Transcom Foods Ltd.		178,416	1,155,632
Transcom Distribution Company Ltd.		414,232	312,984
Sena Kalyan Sangstha		131,732	131,732
Transcom Electronics Ltd.		4,152,298	1,366,726
Transcom Mobile Ltd.		90,000	90,000
Miscellaneous		2,746,222	6,347,549
		<u>9,080,532</u>	<u>10,130,809</u>
10 Advance, deposit and prepayments			
Advances:			
Current portion of cash and article loan to employees	7.0	3,876,422	3,658,073
VAT current account		7,349,492	7,293,729
Advance to employees		4,142,016	4,052,837
Advance for goods-in-transit		7,796,334	-
Advance to suppliers		24,263	13,022
		<u>23,188,527</u>	<u>15,017,661</u>
Deposits:			
Customs deposits		216	216
Prepayment:			
Prepaid expenses		8,002,462	6,671,542
		<u>31,191,205</u>	<u>21,689,419</u>



	<u>Note</u>	<u>At 30 June 2019</u> <u>Taka</u>	<u>At 30 June 2018</u> <u>Taka</u>
11 Advance income tax			
Opening Balance		279,728,940	230,458,800
Add: Advance income tax paid u/s 64 of ITO 1984		-	-
Tax deducted at source		41,576,909	48,213,544
Tax paid for the assessment year 2010-2011/2012-2013		486,000	1,056,596
		42,062,909	49,270,140
		321,791,849	279,728,940
Less: Adjustment for completed assessments		-	-
Closing Balance		<u>321,791,849</u>	<u>279,728,940</u>
12 Cash and cash equivalent			
Cash in hand		76,295	42,630
Balance with banks:			
Standard Chartered Bank Ltd. - Kawran Bazar, Dhaka - C/A - 01133949401		23,475	24,625
South East Bank Ltd. - Kawran Bazar, Dhaka - C/A - 001511100000945		491	1,987
South East Bank Ltd. - Banani, Dhaka - C/A - 11100007583		4,724,326	1,979,855
South East Bank Ltd. - Kawran Bazar, Dhaka - C/A - 001511100002375		81,877	142,697
AB bank Ltd-Kawran Bazar Dhaka C/A No- 4002774344000		1,243,536	34,962
Dutch-Bangla Bank Ltd. - Banani, Dhaka - C/A - 10311019889		15,359,573	6,408,509
Dhaka Bank Ltd. - Kawran Bazar, Dhaka - C/A - 2071000007781		5,648,836	10,454,824
BRAC Bank Ltd. - Gulshan, Dhaka - C/A - 1501201990731001		1,390,632	3,868,438
The City Bank Ltd. - Gulshan, Dhaka - C/A - 1101237275001		922,403	356,783
Cash at fixed deposit:		-	-
IDLC Finance Limited		46,473,929	43,603,587
National Housing Finance and Investment Limited (NHFIL)		39,183,437	36,557,535
Cash and cash equivalent		<u>115,128,810</u>	<u>103,476,432</u>



13 Share capital

Authorized:

50,000,000 ordinary shares of Tk 10 each

Issued and fully paid up:

9,370,608 ordinary shares of Tk 10 each

Out of 9,370,608 ordinary shares issued and paid up; 675,400 shares were allotted for cash; 826,300 shares for consideration other than cash and the remaining 7,868,908 shares were issued as fully paid bonus shares.

	At 30 June 2019 Taka	At 30 June 2018 Taka
	500,000,000	500,000,000
	93,706,080	93,706,080

13.1 Composition of shareholding

Note	At 30 June 2019	At 30 June 2018
	No. of shares	No. of shares
Transcom Ltd.	5,068,336	5,068,336
Transcom Electronics Ltd.	650,000	650,000
ICB	35,597	72,231
Foreign investors	2,665	2,665
Individuals	2,653,468	2,129,520
Other institutional investors	960,542	1,447,856
	9,370,608	9,370,608
	100%	100%

The foreign investors have already sold their shares, but those shares have not been transferred in the name of buyers as at 30 June 2019.

Classification of shares by holding:

Holdings	At 30 June 2019	At 30 June 2018	Number of holders	At 30 June 2019	At 30 June 2018	% of total holding
1 to 500 shares	2,547	2,368		4.1	3.9	3.9
501 to 5000 shares	880	761		14.3	12.0	12.0
5,001 to 10,000 shares	72	54		5.3	3.9	3.9
10,001 to 20,000 shares	28	40		4.0	5.9	5.9
20,001 to 30,000 shares	3	8		0.8	2.2	2.2
30,001 to 40,000 shares	2	1		0.7	0.3	0.3
40,001 to 50,000 shares	2	3		0.9	1.4	1.4
50,001 to 100,000 shares	4	4		3.2	2.9	2.9
100,001 to 1,000,000 shares	3	3		12.6	13.4	13.4
Over 1,000,000 shares	1	1		54.1	54.1	54.1
	3,542	3,243		100.0	100.0	100.0



		<u>At 30 June 2019</u>	<u>At 30 June 2018</u>
	<u>Note</u>	<u>Taka</u>	<u>Taka</u>
14 Reserves and surplus			
Capital reserve	14.1	2,305,167	2,305,167
General reserve		243,262,420	221,524,520
Fair value reserve		496,740,698	472,149,595
Retained earnings		29,273,932	40,479,116
		<u>771,582,217</u>	<u>736,458,398</u>

14.1 Capital reserve

Capital reserve was created in 1982 on restructuring of the business.

15 Deferred liability - gratuity payable

Opening Balance	49,998,937	50,012,005
Add: Provision during the year	12,422,713	12,149,965
	62,421,650	62,161,970
Less: Payment during the year	10,667,655	12,163,033
	<u>51,753,995</u>	<u>49,998,937</u>

16 Deferred tax liability/ (assets)

Deferred tax liability/ (assets) is arrived at as follows:

	<u>Carrying Amount</u>	<u>Tax base</u>	<u>Taxable/</u>
	<u>Taka</u>	<u>Taka</u>	<u>(deductible)</u>
			<u>temporary</u>
			<u>difference</u>
			<u>Taka</u>
<u>At 30 June 2019</u>			
Property, plant and equipment	99,419,154	70,086,554	29,332,600
Gratuity payable	51,753,995	-	(51,753,995)
Total taxable/(deductible) temporary difference			(22,421,395)
Applicable tax rate			25%
Deferred tax asset			(5,605,349)
Available for sale financial assets	551,934,109	-	551,934,109
Applicable tax rate			10%
Deferred tax liability			55,193,411
Total deferred tax liability			<u>49,588,062</u>
<u>At 30 June 2018</u>			
Property, plant and equipment	113,124,245	72,154,317	40,969,928
Gratuity payable	49,998,937	-	(49,998,937)
Total taxable/(deductible) temporary difference			(9,029,009)
Applicable tax rate			25%
Deferred tax asset			(2,257,252)
Available for sale financial assets	524,610,661	-	524,610,661
Applicable tax rate			10%
Deferred tax liability			52,461,066
Total deferred tax liability			<u>50,203,814</u>



	<u>Note</u>	<u>At 30 June 2019</u> <u>Taka</u>	<u>At 30 June 2018</u> <u>Taka</u>
Movement of deferred tax liability:			
Opening balance		50,203,814	58,536,198
Provision/(reversal) during the year		(3,348,097)	(1,626,674)
Provision/(reversal) during the year (OCI)		2,732,345	(6,705,710)
Closing balance		<u>49,588,062</u>	<u>50,203,814</u>
17 Short term finance			
Eastern Bank Limited:	17.1		
Bank overdraft		58,861,999	45,486,544
Import loan		192,673,730	335,730,656
Short term loan		28,000,000	-
		<u>279,535,729</u>	<u>381,217,200</u>
Dhaka Bank Limited:	17.2		
Bank overdraft		42,248,437	18,821,721
Import loan		51,789,323	208,707,999
Short term loan		143,979,388	-
		<u>238,017,148</u>	<u>227,529,720</u>
Southeast Bank Limited	17.3		
Bank overdraft		50,718,747	3,865,350
Import loan		31,727,262	-
		<u>82,446,009</u>	<u>3,865,350</u>
		<u>599,998,886</u>	<u>612,612,270</u>

- 17.1** Total bank overdraft and import loan/LC facility limit with Eastern Bank Limited, Dhaka at 30 June 2019 were Tk 60 million and Tk 440 million respectively with interest @ 11.00 % p.a., for the facilities subject to revision from time to time. Interest is charged on quarterly basis.

However, most of the imports of the company are financed through offshore loans (UPAS L/C) of six months tenure which bear LIBOR plus confirmations and arrangement fees @ 3.25% p.a.

- 17.2** Total bank overdraft and import loan/LC facility limit with Dhaka Bank Limited, Dhaka at 30 June 2019 were Tk 50 million and Tk 250 million respectively with interest @ 12.00 % p.a., for the facilities subject to revision from time to time. Interest is charged on quarterly basis.

However, most of the imports of the company are financed through offshore loans (UPAS L/C) of six months tenure which bear LIBOR plus interest @ 2.90% p.a.

- 17.3** Total bank overdraft and import loan/LC facility limit with Southeast Bank Limited, Dhaka at 30 June 2019 were Tk 50 million and Tk 60 million respectively with interest @ 10.90 % p.a., for both the facilities subject to revision from time to time. Interest is charged on quarterly basis.

However, most of the imports of the company are financed through offshore loans (UPAS L/C) of six months tenure which bear LIBOR plus interest @ 2.80% p.a.

17.4 Securities against overdraft and import loans

These loans are secured by registered first ranking pari-passu charge among Eastern Bank Limited, Principal Branch, Dhaka, Southeast Bank Limited, Banani Branch, Dhaka and Dhaka Bank Limited, Local Office Branch, Dhaka on the basis of pari-passu security sharing agreement as under.

- Registered hypothecation over duly insured stocks of all moveable assets including raw materials, work-in-process and finished goods covering the risks for fire, riots, strike, devastation and cyclone.
- Registered hypothecation over book debts of the company.
- Corporate guarantee of Transcom Limited.
- Registered hypothecation over duly insured plant and machinery covering the risks for fire and devastation and cyclone.



	<u>Note</u>	<u>At 30 June 2019</u> <u>Taka</u>	<u>At 30 June 2018</u> <u>Taka</u>
18 Trade and other payables			
For goods		67,782,848	75,766,270
For expenses		76,705,060	123,625,503
		<u>144,487,908</u>	<u>199,391,773</u>

Trade and other payables include payables to various parties on account of supply of goods and business expenses including trade promotions, replacements and selling and distribution expenses.

19 Other liabilities			
WPPF contribution		2,008,023	2,829,591
Wages and salaries		10,784,670	7,051,464
Canteen expenses		1,903,153	1,550,667
Energy cost		1,007,870	1,836,696
Telephone and fax		555,438	663,050
Audit fees (including WPPF and PF audit)		402,500	402,500
Legal advisor's fees		640,086	294,069
Dividend payable		14,495,553	12,229,684
Provision for royalty	19.1	54,382,435	47,268,098
Security deposit		1,488,067	1,488,067
Withholding tax		-	627,494
		<u>87,667,795</u>	<u>76,241,380</u>

19.1 Provision for royalty

Opening Balance		47,268,098	38,493,383
Add: Provision during the year		7,909,094	8,774,715
		55,177,192	47,268,098
Less: Payment during the year		794,757	-
Closing balance	19.2	<u>54,382,435</u>	<u>47,268,098</u>

19.2 Closing balance comprises of the following:

For Philips brand		46,170,380	41,898,236
For Transtec brand		8,212,155	5,369,862
		<u>54,382,535</u>	<u>47,268,098</u>

This represents amount payable to Koninklijke Philips Electronics N.V. (previously known as Philips International B.V.), the Netherlands, @ 3.6% royalty on net sales of Philips brand electric bulbs (GLS) and to Transcom Limited @ 0.25% royalty on the net sales of 'Transtec' brand products.

20 Provision for tax

Opening Balance		167,044,916	149,305,529
Add: Provision for the year		14,234,635	17,739,387
		181,279,551	167,044,916
Less: Adjustment for completed assessments		-	-
		<u>181,279,551</u>	<u>167,044,916</u>



		<u>30 June 2019</u>	<u>30 June 2018</u>
	<u>Note</u>	<u>Taka</u>	<u>Taka</u>
21 Revenue			
Energy saving lamps			
Sales		1,430,270,870	1,236,482,401
Less: VAT		156,782,696	122,984,174
		1,273,488,174	1,113,498,227
Electric bulbs	21.1		
Sales		272,596,411	313,930,039
Less: VAT		44,004,542	48,063,059
		228,591,869	265,866,980
Fluorescent tube lights			
Sales		62,027,852	89,837,202
Less: VAT		4,083,042	5,269,886
		57,944,810	84,567,316
Electrical accessories			
Sales		15,796,327	13,951,250
Less: VAT		2,331,878	2,111,702
		13,464,449	11,839,548
Net sales		1,573,489,302	1,475,772,071

21.1 This includes net sales of Philips Brand GLS bulbs of Taka 118,670,660 for the year ended Jul'18-Jun'19, and Taka 151,799,564 for the year ended Jul'17 to Jun'18.

	<u>30 June 2019</u>	<u>30 June 2018</u>
	<u>Quantity</u>	<u>Quantity</u>
21.2 Sales Quantity		
Energy saving lamps	6,618,760	5,244,354
Electric bulbs	13,280,252	14,520,173
Fluorescent tube lights	1,081,961	1,404,082
Electrical accessories	986,697	909,282



		<u>30 June 2019</u>	<u>30 June 2018</u>
	<u>Note</u>	<u>Taka</u>	<u>Taka</u>
22 Cost of sales			
Opening stock of raw materials		380,708,029	172,052,090
Purchase during the year		888,717,635	999,270,585
Raw materials consumed for trial production		-	(264,893)
Closing stock of raw materials		(275,762,413)	(380,708,029)
Raw materials consumed	22.1	993,663,251	790,349,753
Salaries and wages		100,258,847	96,060,346
Gratuity		7,833,595	8,040,621
Contribution to provident fund		2,378,097	2,369,489
Medical expenses		1,839,350	1,733,632
Staff welfare expenses		4,360,515	4,112,944
Canteen expenses		16,171,401	15,496,505
Power and fuel		22,889,105	23,811,609
Repairs and maintenance - General		3,117,066	2,573,166
Repairs and maintenance - Machinery		834,943	970,623
Stores and spares consumed		3,387,183	4,410,495
Rent, rates and taxes		8,606,260	8,606,260
Insurance		1,756,962	1,270,706
Telephone and fax		540,001	601,649
Travelling and conveyance		1,916,698	595,843
Vehicle running expenses		450,973	430,264
Computer & IT expenses		10,200	15,900
Printing and stationery		852,800	354,603
Licence and registration fees		2,108,499	-
Depreciation	4.2	27,305,673	23,215,234
		1,200,281,419	985,019,642
Opening work-in-process		3,138,808	1,903,815
Closing work-in-process	22.2	(2,040,240)	(3,138,808)
Cost of production		1,201,379,987	983,784,649
Opening stock of finished goods		79,923,685	85,568,010
Finished goods purchased during the year		30,285,845	155,777,452
Closing stock of finished goods	8.0	(111,166,435)	(79,923,685)
		1,200,423,082	1,145,206,426



22.1 Raw materials consumed

30 June 2019

Description	Opening stock	Purchase	Closing stock	Consumption
	Value	Value	Value	Value
	Taka	Taka	Taka	Taka
Imported:				
Energy saving lamps	320,452,523	644,123,014	211,560,624	753,014,913
Electric bulbs	17,052,543	71,245,419	21,578,593	66,719,369
Fluorescent tube lights	18,965,595	31,002,311	15,514,837	34,453,069
Electrical accessories	8,860,544	16,912,312	13,240,582	12,532,274
Imported total	365,331,205	763,283,056	261,894,636	866,719,625
Local:				
Energy saving lamps	10,033,742	54,181,910	6,649,765	57,565,887
Electric bulbs	3,704,337	65,350,731	5,096,844	63,958,224
Fluorescent tube lights	1,205,834	4,780,119	751,717	5,234,236
Electrical accessories	432,911	1,121,819	1,369,451	185,279
Local total	15,376,824	125,434,579	13,867,777	126,943,626
Grand total	380,708,029	888,717,635	275,762,413	993,663,251

Out of the total raw materials consumed, 87% was imported and the rest 13% was procured from local sources.

30 June 2018

Description	Opening stock	Purchase	Closing stock	Consumption
	Value	Value	Value	Value
	Taka	Taka	Taka	Taka
Imported:				
Energy saving lamps	126,216,059	737,875,419	320,452,523	543,638,955
Electric bulbs	14,855,858	59,619,362	17,052,543	57,422,677
Fluorescent tube lights	16,170,478	41,686,417	18,965,595	38,891,300
Electrical accessories	2,140,307	14,482,822	8,860,544	7,762,585
Imported total	159,382,702	853,664,020	365,331,205	647,715,517
Local:				
Energy saving lamps	3,467,790	58,518,240	10,033,742	51,952,288
Electric bulbs	7,502,119	73,015,283	3,704,337	76,813,065
Fluorescent tube lights	1,622,079	13,423,516	1,205,834	13,839,761
Electrical accessories	77,400	649,526	432,911	294,015
Local total	12,669,388	145,606,565	15,376,824	142,899,129
Grand total	172,052,090	999,270,585	380,708,029	790,614,646

Less: Materials used for trial production

Total raw materials consumed

264,893

790,349,753

Out of the total raw materials consumed, 82% was imported and the rest 18% was procured from local sources.



22.2 Break up of work-in-process

<u>Description</u>	<u>At 30 June 2019</u>		<u>At 30 June 2018</u>	
	<u>Quantity (Pc)</u>	<u>Value (Taka)</u>	<u>Quantity (Pc)</u>	<u>Value (Taka)</u>
Energy saving lamps:				
Unpacked lamps	3,136	642,645	-	-
		642,645		-
Electric bulbs:				
Mounted feet lamps	3,400	10,953	-	-
Unmounted feet lamps	-	-	-	-
Uncapped lamps	8,325	55,876	12,830	95,319
Unpacked lamps	37,360	441,539	138,777	1,752,817
Chemicals		55,020		528,165
		563,388		2,376,301
Fluorescent tube lights:				
Stem light	-	-	-	-
Mount light	1,200	11,396	-	-
Unpacked light	19,000	822,811	17,050	762,507
Inner sleeve	-	-	-	-
		834,207		762,507
		2,040,240		3,138,808

	<u>30 June 2019</u>	<u>30 June 2018</u>
	<u>Quantity</u>	<u>Quantity</u>
22.3 Closing stock of finished goods (in units)		
Energy saving lamps	260,115	196,670
Electric bulbs	2,287,550	1,876,357
Fluorescent tube lights	52,820	51,925
Electrical accessories	352,701	112,125



	<u>Note</u>	<u>30 June 2019</u> <u>Taka</u>	<u>30 June 2018</u> <u>Taka</u>
23 Other income			
Dividend income	23.1	27,248,076	28,371,832
Cost recovery		7,106,664	7,106,664
Gain on disposal of plant, property and equipment		-	235,070
Income from sale of scrap		255,538	199,251
Sale proceeds from fractional bonus shares		35	69
		<u>34,610,313</u>	<u>35,912,886</u>

23.1 Dividend income represents dividend received in cash from investment in share of Pubali Bank Limited, IDLC Finance Limited, National Housing Finance and Investment Limited, Central Depository Bangladesh Limited and Reliance Insurance Limited.

	<u>Note</u>	<u>30 June 2019</u> <u>Taka</u>	<u>30 June 2018</u> <u>Taka</u>
24 Operating expenses			
Salaries & benefits		84,770,779	76,343,517
Gratuity		3,711,418	3,705,612
Contribution to provident fund		1,242,688	1,126,112
Medical expenses		3,602,509	2,108,630
Computer & IT expenses		4,407,222	3,553,561
Rent, rates and taxes		60,756	60,756
Fuel and power		8,280,334	8,454,767
Insurance		371,980	244,113
Repairs and maintenance		989,167	481,740
Vehicle running expenses		2,705,844	2,692,134
Travelling and conveyance		16,249,507	13,443,199
Licence and registration fees		1,350,433	1,024,073
Postage and stamps		529,924	301,273
Directors' fees		736,000	770,500
Legal and professional expenses		1,394,865	440,947
Auditors' remuneration		410,000	373,750
Bank charges		757,538	718,150
Periodicals and journals		273,091	352,592
Entertainment		2,231,108	991,260
Printing and stationery		3,368,065	3,139,743
Telephone and fax		4,305,615	4,354,361
Royalty		7,909,094	8,774,715
Selling and distribution expenses		63,883,412	54,554,673
Replacement Cost		33,599,034	34,056,448
Sales promotion and publicity		73,303,961	64,788,362
Depreciation	4.2	1,943,094	1,035,636
		<u>322,387,438</u>	<u>287,890,624</u>
25 Finance cost			
Foreign exchange loss		673,612	-
On short term finance		50,422,569	23,635,291
		<u>51,096,181</u>	<u>23,635,291</u>
26 Finance income			
Interest income		7,833,739	4,358,965
Interest on cash loan to employees		141,840	109,839
		<u>7,975,579</u>	<u>4,468,804</u>
27 Income tax expenses			
Current tax		(14,234,635)	(17,739,387)
Deferred tax		3,348,097	1,626,674
		<u>(10,886,538)</u>	<u>(16,112,713)</u>



	<u>Note</u>	<u>30 June 2019</u> <u>Taka</u>	<u>30 June 2018</u> <u>Taka</u>
28 Changes in fair value of shares available for sale			
Closing fair value reserve	6.0	551,934,109	524,610,661
Less: Opening fair value reserve		524,610,661	591,667,775
		<u>27,323,448</u>	<u>(67,057,114)</u>
29 Basic Earnings per share			
The computation of EPS is given below:			
A. Earnings attributable to ordinary shareholders		29,273,932	40,479,116
B. Weighted average number of ordinary shares outstanding at the year end		9,370,608	9,370,608
Basic Earnings Per Share (EPS) (A/B)		<u>3.12</u>	<u>4.32</u>
29.1 Diluted earnings per share			
No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.			
30 Net asset value per share (NAV)			
The computation of NAV is given below:			
A Net asset		865,288,297	830,164,478
B Weighted average number of ordinary shares outstanding at the year end		9,370,608	9,370,608
Net asset value per share (NAV) (A/B)		<u>92.34</u>	<u>88.59</u>
31 Net operating cash flow per share (NOCFPS)			
The computation of NOCFPS is given below:			
A Net cash used in operating activities		28,363,062	(234,365,462)
B Weighted average number of ordinary shares outstanding at the year end		9,370,608	9,370,608
Net operating cash flow per share (NOCFPS) (A/B)		<u>3.03</u>	<u>(25.01)</u>
32 Reconciliation of net operating cash flow			
Profit before tax		40,160,470	56,591,829
Income tax expenses		(10,886,538)	(16,112,713)
Profit after tax		<u>29,273,932</u>	<u>40,479,116</u>
Adjustment for:			
Depreciation		29,248,767	24,250,870
Gain on disposal of plant, property and equipment		-	(235,070)
Dividend income		(27,248,076)	(28,371,832)
Sale proceeds from fractional bonus shares		(35)	(69)
		<u>31,274,588</u>	<u>36,123,015</u>
Changes in:			
Loans and deposits		885,269	(799,354)
Inventories		119,286,536	(234,678,167)
Trade and other receivables		(37,743,301)	(68,422,416)
Advances, deposits and prepayments		(9,501,786)	(9,078,154)
Advance income tax		(42,062,909)	(49,270,140)
Deferred liability - gratuity payable		1,755,058	(13,068)
Deferred tax liability		(3,348,097)	(1,626,674)
Trade and other payables		(55,577,477)	67,900,220
Other liabilities		9,160,546	7,759,889
Provision for tax		14,234,635	17,739,387
Net cash used in operating activities		<u>28,363,062</u>	<u>(234,365,462)</u>



	<u>30 June 2019</u> <u>Quantity</u>	<u>30 June 2018</u> <u>Quantity</u>
33 Capacity utilization		
Energy saving lamps	6,647,939	4,597,804
Electric bulbs	13,688,611	13,755,601
Fluorescent tube lights	1,084,017	1,282,000
Electrical accessories	1,146,316	955,946

The existing capacity of electric bulb is 19.16 million in single shifts, fluorescent tube light (FTL) is 1.2 million in single shift, energy saving lamp (CFL & LED) is 5.4 million in single shift per annum and LED Tube Light is 1.2 million in single shift per annum.

34 Remuneration of Directors and Officers

	<u>30 June 2019</u>		<u>30 June 2018</u>	
	<u>Directors</u>	<u>Officers</u>	<u>Directors</u>	<u>Officers</u>
No. of Directors & Officers	10	162	11	175
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Fees	736,000	-	770,500	-
Remuneration	300,000	52,277,672	300,000	47,625,954
Provident fund contribution	-	1,350,350	-	1,146,845
Provision for gratuity	-	3,465,523	-	2,925,546
Housing	-	12,228,505	-	9,940,409
Other perquisites	-	7,327,600	-	6,153,130
	<u>1,036,000</u>	<u>76,649,650</u>	<u>1,070,500</u>	<u>67,791,884</u>

Remuneration of Tk 300,000 represents payment to Managing Director of the company.

35 Financial instrument disclosure

Financial Risk Management

The company's management has overall responsibility for the establishment and oversight of the company's risk management framework.

The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

The note provides information about the company's exposure of the above risks.



35.1 Credit risk

- a) 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 customers and other parties.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, receivables are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. The Company's exposure to credit risk on receivables is mainly influenced by customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. Most of the trade receivable amounts are secured by bank guarantee received from distributors.

Set out below is the information about the credit risk exposure on the company's trade receivables and contract assets using a provision matrix.

	<u>Invoiced</u>	<u>Invoiced</u>	<u>Invoiced</u>	<u>Invoiced</u>	<u>Invoiced</u>	<u>Invoiced</u>	<u>Invoiced</u>	<u>Invoiced</u>	<u>Invoiced</u>	<u>Total</u>
	<u>0-30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91-120 days</u>	<u>121-180 days</u>	<u>181-365 days</u>	<u>above 365 days</u>			
<u>At 30 June 2019</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>			<u>Taka</u>
Trade receivables	139,450,924	81,212,314	42,291,505	18,377,762	11,739,748	4,977,156	8,160,716			306,210,125
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.25%	14.50%	31.15%			
Expected credit loss amount	-	-	-	-	29,349	721,688	2,541,963			3,293,000



b) Exposure to credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<u>30 June 2019</u>	<u>30 June 2018</u>
	<u>Taka</u>	<u>Taka</u>
Trade receivables	306,210,125	267,123,547
Other receivables	9,080,532	10,130,809
Cash at bank	115,052,515	103,433,802
	<u>430,343,172</u>	<u>380,688,158</u>

The maximum exposure to credit risk for trade receivables at the reporting date by product category was:

Energy saving lamps	247,828,169	200,342,660
Electric bulbs	44,485,301	50,753,474
Fluorescent tube lights	11,276,395	16,027,413
Electrical accessories	2,620,260	-
	<u>306,210,125</u>	<u>267,123,547</u>

c) Ageing of trade receivables

The ageing of gross trade receivables at the reporting date was:

	<u>30 June 2019</u>	<u>30 June 2018</u>
	<u>Taka</u>	<u>Taka</u>
Invoiced 0-30 days	139,450,924	165,314,348
Invoiced 31-60 days	81,212,314	42,287,463
Invoiced 61-90 days	42,291,505	29,742,043
Invoiced 91-120 days	18,377,762	9,635,351
Invoiced 121-180 days	11,739,748	6,522,351
Invoiced 181-365 days	4,977,156	5,275,103
Invoiced above 365 days	8,160,716	8,346,888
	<u>306,210,125</u>	<u>267,123,547</u>

d) Ageing of other receivables

The ageing of other receivables at the reporting date was:

Invoiced 0-30 days	8,858,800	9,999,077
Invoiced 31-60 days	-	-
Invoiced 61-90 days	-	-
Invoiced 91-120 days	-	-
Invoiced 121-180 days	-	-
Invoiced 181-365 days	-	-
Invoiced above 365 days	221,732	131,732
	<u>9,080,532</u>	<u>10,130,809</u>



35.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with the financial liabilities. The following are the contractual maturities of financial liabilities:

	Carrying amount Taka	Contractual cash flows Taka	6 months or less Taka	6-12 months Taka	1-2 years Taka	2-5 years Taka	More than 5 years Taka
At 30 June 2019							
Non-derivative financial liabilities:							
Trade payables	67,782,848	67,782,848	67,782,848	-	-	-	-
Payables for expenses	76,705,060	76,705,060	73,556,124	-	-	-	3,148,936
Other liabilities	87,667,795	87,667,795	21,195,867	6,002,077	10,687,632	26,813,900	22,968,319
Derivative financial liabilities	-	-	-	-	-	-	-
	232,155,703	232,155,703	162,534,839	6,002,077	10,687,632	26,813,900	26,117,255
At 30 June 2018							
Non-derivative financial liabilities:							
Trade payables	75,766,270	75,766,270	75,766,270	-	-	-	-
Payables for expenses	123,625,503	123,625,503	120,476,567	-	-	-	3,148,936
Other liabilities	76,241,380	76,241,380	24,530,321	1,849,354	11,306,690	30,849,265	7,705,750
Derivative financial liabilities	-	-	-	-	-	-	-
	275,633,153	275,633,153	220,773,158	1,849,354	11,306,690	30,849,265	10,854,686



35.3 Market risk

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in exchange rate. The company is exposed to foreign currency risk relating to purchases and other transactions which are denominated in foreign currencies.

The Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

i) Exposure to currency risk

	<u>30 June 2019</u>		<u>30 June 2018</u>	
	<u>BDT</u>	<u>USD</u>	<u>BDT</u>	<u>USD</u>
Foreign currency denominated assets	-	-	-	-
Foreign currency denominated liabilities				
Trade payables	(45,671,261)	(540,488.30)	(23,570,175)	(281,434.92)
Net exposure	<u>(45,671,261)</u>	<u>(540,488.30)</u>	<u>(23,570,175)</u>	<u>(281,434.92)</u>

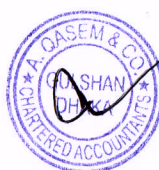
The following significant exchange rates are applied during the period:

	<u>Exchange rates as</u>	
	<u>30 June 2019</u>	<u>30 June 2018</u>
US Dollar (USD)	<u>Taka</u> 84.50	<u>Taka</u> 83.75

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A 10% change in exchange rate of foreign currencies would have increased/(decreased) equity and profit or loss of the Company by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	<u>Profit or loss</u>		<u>Equity</u>	
	<u>10% increase</u> <u>Taka</u>	<u>10% decrease</u> <u>Taka</u>	<u>10% increase</u> <u>Taka</u>	<u>10% decrease</u> <u>Taka</u>
30 June 2019				
Expenditures denominated in USD	(4,567,126)	4,567,126	(4,567,126)	4,567,126
Exchange rate sensitivity	<u>(4,567,126)</u>	<u>4,567,126</u>	<u>(4,567,126)</u>	<u>4,567,126</u>
30 June 2018				
Expenditures denominated in USD	(2,357,017)	2,357,017	(2,357,017)	2,357,017
Exchange rate sensitivity	<u>(2,357,017)</u>	<u>2,357,017</u>	<u>(2,357,017)</u>	<u>2,357,017</u>



b) Interest rate risk

The risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rate. The interest rate profile of the Company's interest bearing financial instruments were as follows:

	<u>Carrying amount</u>	
	<u>30 June 2019</u>	<u>30 June 2018</u>
	<u>Taka</u>	<u>Taka</u>
Fixed rate instruments		
<i>Financial assets</i>		
Cash at bank	115,052,515	103,433,802
<i>Financial liabilities</i>		
Long term loan	-	-
Current portion of long term loan	-	-
	<u>-</u>	<u>-</u>
Floating rate instruments		
<i>Financial assets</i>		
	-	-
<i>Financial liabilities</i>		
Short term finance	599,998,886	612,612,270
	<u>599,998,886</u>	<u>612,612,270</u>

c) Accounting classification and fair values

Fair value of financial assets and liabilities together with carrying amount shown in the statement of financial position are as follows:

	<u>30 June 2019</u>		<u>30 June 2018</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Assets carried at fair value through profit or loss	-	-	-	-
Held to maturity assets	-	-	-	-
Loans and receivables:				
Trade and other receivables	311,997,657	311,997,657	274,254,356	274,254,356
Cash at bank	115,052,515	115,052,515	103,433,802	103,433,802
Available for sale of financial assets	-	-	-	-
Investment on shares	640,461,242	640,461,242	613,137,794	613,137,794
Liabilities carried at fair value through profit or loss	-	-	-	-
Liabilities carried at amortised costs				
Trade payables	67,782,848	N/A*	75,766,270	N/A*
Payables for expenses	76,705,060	N/A*	123,625,503	N/A*
Other Liabilities	87,667,795	N/A*	76,241,380	N/A*
Other non-current liabilities	101,342,057	N/A*	100,202,751	N/A*

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



36 Related party transactions

The company in normal course of business has entered into transactions with other entities that fall within the definition of related party contained in IAS: 24 *Related Party Disclosure*. The Company believes that the terms of related party transactions are not significantly different from those that could have been obtained from third parties. The significant related party transactions during the year are as follows:

Name of related party	Relationship	Nature of transaction	Transaction			
			Opening receivable/ (payable) "A"	Addition Amount "B"	Adjustment Amount "C"	Receivable/ (payable) "D=A+B-C"
			Taka	Taka	Taka	Taka
Transcom Electronics Ltd.	Shareholding company	a) Cost recovery, utilities and distribution expenses	1,366,726	23,315,914	20,530,342	4,152,298
		b) Dividend paid	-	1,040,000	1,040,000	-
		c) Sales	-	3,053,378	3,053,378	-
Bangladesh Electrical Industries Ltd.	Group company	Cost of accommodation, utility facilities and security cost recovery	726,186	8,783,522	8,142,076	1,367,632
Transcom Foods Ltd.	Group company	Cost of accommodation, utility facilities and security cost recovery	1,155,632	2,372,542	3,349,758	178,416
Transcom Distribution Company Ltd.	Group company	a) Cost of accommodation, utility facilities and security cost recovery	312,984	7,238,280	7,137,032	414,232
		b) Sales	53,635	37,590	5,878	85,347
Transcom Mobile Ltd.	Group company	Cost of accommodation, utility facilities and security cost recovery & product purchase	90,000	-	-	90,000
Transcom Limited	Holding company	a) Computer & IT expenses	(13,322,826)	516,965	4,018,973	(16,824,834)
		b) Royalty	(5,369,928)	794,723	3,636,950	(8,212,155)
		c) Dividend paid	-	8,109,338	8,109,338	-
		d) Sales	2,250	363,222	363,222	2,250
Eskayef Pharmaceutical Ltd.	Group company	Sales	1,195,677	2,639,780	2,506,570	1,328,887
Mediastar Ltd.	Group company	Sales	124,668	111,100	159,852	75,916
Mediaworld Ltd.	Group company	Sales	117,893	45,750	129,283	34,360
Transcom Consumer Products Ltd.	Group company	Sales	26,876	20,260	7,938	39,198
Transcom Beverages Ltd.	Group company	Sales	26,620	11,700	11,468	26,852
Transcraft Ltd.	Group company	Sales	27,600	75,600	76,350	26,850
Sena Kalyan Sangstha	Group company	Sales	131,732	-	-	131,732



37 Number of employees

The number of permanent employees receiving remuneration of Tk 36,000 or above per employee per year were 371 (30 June 2018: 370).

38 Dividend to non-resident shareholders

The company's four foreign investors, holding 2,665 shares in aggregate, have already sold their shares. However the buyers had not yet registered those shares in their names up to 30 June 2019.

39 Claims against the company not acknowledged as debt

None at 30 June 2019.

40 Contingent liability

- 40.1** There is a contingent liability of Tk. 4.53 million, Tk. 2.29 million, Tk. 7.69 million, Tk. 10.93 million, Tk.4.02 million, Tk.0.89 million in regard to disputed tax claims for the tax assessment year 1999-2000, 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 respectively. This matter has been referred to the High Court Division, the outcome of which is yet to be received.

Furthermore, there are contingent liabilities of Tk. 1.41 million with regard to unresolved disputed tax claims against the tax Assessment Years (AY) 2017-2018 . Appeals against tax disputes for the AY 2017-2018 have been filed before the Appellate Tribunal of Taxes. Disallowances of the expenses being tax disputes were unjust and have no merit and accordingly no additional provision has been made against the disallowances.

- 40.2** There are contingent liabilities of Tk. 111.52 million, Tk. 7.13 million and Tk. 4.02 million due to outstanding 'Letter of Credit' and 'Bank Guarantee' issued by Eastern Bank Limited, Dhaka Bank Limited and Southeast Bank Limited respectively.

- 40.3** Bangladesh Lamps Limited has a pending litigation with koninklijke Philips N.V with regard to the production and distribution of Philips brand GLS lamps. Currently, the Company's business from this segment is not significant and an outcome of this litigation will not have much impact on the operation of the company. The company is also making appropriate provision for Royalty payable to Philips as per terms of the agreement.

41 Capital expenditure commitment

None.

42 Receivable from directors

None.

43 Events after the reporting period

For the year ended 30 June 2019, the Board of Directors recommended a cash dividend of Tk. 2.00 per share amounting to Tk. 18,741,216 at the board meeting held on 10 October 2019.

