

**Bangladesh Lamps Limited**

**Auditor's Report and Audited Financial Statements  
As at and for the year ended 30 June 2020**

**A. QASEM & Co.**

Chartered Accountants

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Ernst & Young Global Limited



**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 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 30 June 2020, 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 (KAM)**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the year ended 30 June 2020. These matters were addressed in the context of the audit of the financial statements, 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.

Sl. No.	Key Audit Matter	How our audit addressed the key audit matter
1	<b>Revenue recognition (Refer to Note 3.10 (accounting policy) and note 21 to these Financial Statements)</b>	
	<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 from customers. In determining the sales price, the Company considers the effect of rebates and discounts and incentives (variable consideration). During the year ended 30 June 2020, the Company has recognised revenues of BDT 94,02,23,950.</p> <p>The terms of sales agreements, including the timing of transfer of control, based on the terms of relevant contract and nature of warranty, rebates arrangements, create complexities that requires judgement in determining sales revenues.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>1) We read the Company's revenue recognition policy and assessed its compliance in terms of IFRS 15 'Revenue from contracts with customers';</li> <li>2) Performed sample tests of individual sales transactions and traced to sales invoices, sales orders and other related documents. In respect of the samples selected, we tested recognition of revenue based on underlying sales invoices, sales orders and other related documents;</li> <li>3) We selected a sample of invoices on which rebates and discounts were given and obtained the rebates and discount schemes approved by the</li> </ol>



Sl. No.	Key Audit Matter	How our audit addressed the key audit matter
<b>1</b>	<b>Revenue recognition (Refer to Note 3.10 (accounting policy) and note 21 to these Financial Statements)</b>	
	Considering the above factors and the risk associated with revenue recognition, we have determined the same to be a key audit matter.	<p>management. We noted the accounting of rebates and discounts by the Company for the selected sample;</p> <p>4) Selected samples of sales transactions made pre and post year end, agreed the date of transfer of control for the selected sample by testing underlying documents including customers confirmation; and</p> <p>5) Assessed the relevant disclosures made within the financial statements.</p>

Sl. No.	Key Audit Matter	How our audit addressed the key audit matter
<b>2</b>	<b>Inventories valuation: (Refer to Note 3.6 (accounting policy) and note 8 to these Financial Statements)</b>	
	<p>Inventories represent about 28%, of the total assets of the Company, inventories are thus a material item to the financial statements. Please refer to note 08 to the financial statements. As described in the accounting policy note 3.6 to the financial statements, inventories are valued at the lower of cost or net realisable values. As such, management is required to make judgements in determining whether inventories are being appropriately valued, and also need to make provision for aged inventories, if required.</p> <p>Due to the value and volume of inventories being held by the company at the reporting date and the complexities involved in the accounting and presentation thereof, inventories have been considered as a key audit matter.</p>	<p>1) Tested the operating effectiveness of key controls over inventories; including observing the process of management's year-end inventory count;</p> <p>2) Verified a sample of inventory items to ensure that costs have been appropriately recorded.;</p> <p>3) Tested on a sample basis the net realisable value by comparing costs to recent selling prices and assessing the reasonableness of any resulting write down of inventory items;</p> <p>4) Assessed whether appropriate provisions have been recognised for aged, damaged, slow moving or obsolete inventories by reviewing the age of inventories held and evaluating management's basis for determining the usability of inventories;</p> <p>5) Performed cut-off tests to determine that the purchases and sales of the inventories have been captured in the correct accounting period;</p> <p>6) Reviewed the historical accuracy of inventory provision.</p>

## **Other information included in the Company's 30 June 2020 Annual Report**

Other information consists of the information included in the Company's 30 June 2020 Annual Report other than the financial statements and our auditor's report thereon. We obtained Director's Report, Management Discussion and Analysis, six years financial information, and Corporate Governance report prior to the date of our auditor's report, and we expect to obtain the remaining reports of the Annual Report after the date of our auditor's report. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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. 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

Partner: Motaleb Hossain, FCA

Dhaka, 19 October 2020

**Bangladesh Lamps Limited**  
**Statement of financial position**  
**As at 30 June 2020**

	Notes	30 June 2020 Taka	30 June 2019 Taka
<b>Assets</b>			
Property, plant and equipment	4	78,410,238	99,419,154
Investment in shares:			
At cost	5	88,527,133	88,527,133
Fair value adjustment	6	338,678,180	551,934,109
		427,205,313	640,461,242
Loans and deposits	7	4,715,197	7,280,859
<b>Total non-current assets</b>		<b>510,330,748</b>	<b>747,161,255</b>
Inventories	8	403,980,033	452,793,718
Trade and other receivables	9	130,606,869	311,997,657
Advances, deposits and prepayments	10	23,070,316	31,191,205
Advance income tax	11	346,703,583	321,791,849
Cash and cash equivalents	12	48,175,927	115,128,810
<b>Total current assets</b>		<b>952,536,728</b>	<b>1,232,903,239</b>
<b>Total assets</b>		<b>1,462,867,476</b>	<b>1,980,064,494</b>
<b>Equity</b>			
Share capital	13	93,706,080	93,706,080
Reserves and surplus	14	468,367,682	771,582,217
<b>Total equity</b>		<b>562,073,762</b>	<b>865,288,297</b>
<b>Liabilities</b>			
Deferred liability - gratuity payable	15	54,734,999	51,753,995
Deferred tax liability	16	23,982,297	49,588,062
<b>Total non-current liabilities</b>		<b>78,717,296</b>	<b>101,342,057</b>
Short term finance	17	427,847,816	599,998,886
Trade and other payables	18	98,774,239	144,487,908
Other liabilities	19	104,717,556	87,667,795
Provision for tax	20	190,736,807	181,279,551
<b>Total current liabilities</b>		<b>822,076,418</b>	<b>1,013,434,140</b>
<b>Total liabilities</b>		<b>900,793,714</b>	<b>1,114,776,197</b>
<b>Total equity and liabilities</b>		<b>1,462,867,476</b>	<b>1,980,064,494</b>

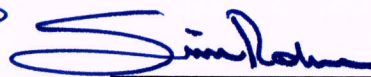
*The accompanying notes form an integral part of these financial statements.*



Company Secretary



Director



Managing Director & CEO

As per our annexed report of same date.

Dhaka, 19 October 2020





(A. Qasem & Co.)  
Chartered Accountants

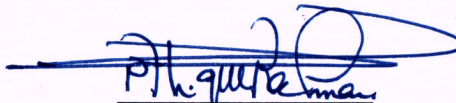



**Bangladesh Lamps Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2020**

	<u>Notes</u>	<u>30 June 2020</u> <u>Taka</u>	<u>30 June 2019</u> <u>Taka</u>
Revenue	21	940,223,950	1,573,489,302
Cost of sales	22	(742,411,338)	(1,200,423,082)
<b>Gross profit</b>		<b>197,812,612</b>	<b>373,066,220</b>
Other income	23	26,576,610	34,610,313
Operating expenses	24	(267,988,282)	(322,387,438)
<b>Profit/(loss) before net finance cost</b>		<b>(43,599,060)</b>	<b>85,289,095</b>
Finance cost	25	(50,793,881)	(51,096,181)
Finance income	26	7,027,042	7,975,579
Net finance cost		(43,766,839)	(43,120,602)
<b>Profit/(loss) before contribution to WPPF</b>		<b>(87,365,899)</b>	<b>42,168,493</b>
Contribution to WPPF		-	(2,008,023)
<b>Profit/(loss) before income tax</b>		<b>(87,365,899)</b>	<b>40,160,470</b>
Income tax expenses	27	(5,177,084)	(10,886,538)
<b>Net profit/(loss) after tax</b>		<b>(92,542,983)</b>	<b>29,273,932</b>
<b>Other comprehensive income/(loss)</b>			
Changes in fair value of shares available for sale	28	(213,255,929)	27,323,448
Deferred tax income/(expenses)	16	21,325,593	(2,732,345)
<b>Net other comprehensive income/(loss)</b>		<b>(191,930,336)</b>	<b>24,591,103</b>
<b>Total comprehensive income/(loss)</b>		<b>(284,473,319)</b>	<b>53,865,035</b>
<b>Basic Earnings per share (par value Tk 10 each)</b>	29	<b>(9.88)</b>	<b>3.12</b>

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

  
 \_\_\_\_\_  
 Company Secretary


  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Managing Director & CEO

As per our annexed report of same date.

Dhaka, 19 October 2020



  
 (A. Qasem & Co.)  
 Chartered Accountants

**Bangladesh Lamps Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2020**

Particulars	Share Capital	Reserves and surplus				Total
		Capital reserve	General reserve	Fair value reserve	Retained earnings	
	Taka	Taka	Taka	Taka	Taka	Taka
<b>Balance as at 1 July 2019</b>	93,706,080	2,305,167	243,262,420	496,740,698	29,273,932	865,288,297
Dividend	-	-	-	-	(18,741,216)	(18,741,216)
Total net profit and other comprehensive income for the year:						
Net loss after tax	-	-	-	-	(92,542,983)	(92,542,983)
Other comprehensive loss	-	-	-	(191,930,336)	(191,930,336)	(191,930,336)
Transfer to general reserve	-	-	10,532,716	-	(10,532,716)	-
<b>Balance as at 30 June 2020</b>	<b>93,706,080</b>	<b>2,305,167</b>	<b>253,795,136</b>	<b>304,810,362</b>	<b>(92,542,983)</b>	<b>562,073,762</b>
<b>Balance as at 1 July 2018</b>	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)	-
<b>Balance as at 30 June 2019</b>	<b>93,706,080</b>	<b>2,305,167</b>	<b>243,262,420</b>	<b>496,740,698</b>	<b>29,273,932</b>	<b>865,288,297</b>

Notes

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



Company Secretary



Director



Managing Director & CEO

As per our annexed report of same date.





(A. Qasem & Co.)  
Chartered Accountants

Dhaka, 19 October 2020

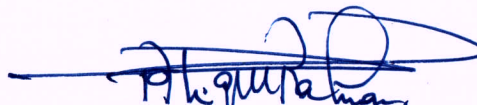


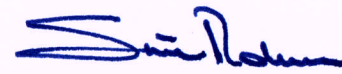
**Bangladesh Lamps Limited**  
**Statement of Cash Flows**  
**For the year ended 30 June 2020**

	<u>Notes</u>	<u>30 June 2020</u> <u>Taka</u>	<u>30 June 2019</u> <u>Taka</u>
<b>A. Cash flows from operating activities</b>			
Cash receipts from customers		1,315,562,132	1,741,604,882
Cash paid to suppliers		(549,537,646)	(895,701,091)
Cash paid to employees		(185,226,098)	(201,196,277)
Cash paid for services received		(235,990,620)	(335,006,659)
Cash payment of VAT		(141,847,501)	(207,257,921)
Contribution to WPPF		(2,008,022)	(2,829,591)
Contribution to provident fund		(2,608,842)	(1,009,929)
<b>Cash flows from operation</b>		<b>198,343,403</b>	<b>98,603,414</b>
Cost recovery		14,655,809	16,093,116
Collection from sale of scrap and others		226,480	255,538
Interest paid		(50,533,333)	(44,526,097)
Income tax paid	11	(24,911,734)	(42,062,909)
<b>Net cash flows from operating activities</b>		<b>137,780,625</b>	<b>28,363,062</b>
<b>B. Cash flows from investing activities</b>			
Dividend received		1,427,953	27,248,111
Payment for acquisition of property, plant and equipment		(10,540,256)	(15,543,676)
<b>Net cash flows from/(used in) investing activities</b>		<b>(9,112,303)</b>	<b>11,704,435</b>
<b>C. Cash flows from financing activities</b>			
Dividend paid		(18,373,283)	(16,475,347)
<b>Net cash used in financing activities</b>		<b>(18,373,283)</b>	<b>(16,475,347)</b>
<b>D. Effect of exchange rate changes in cash and cash equivalent</b>		<b>(5,096,852)</b>	<b>673,612</b>
<b>E. Net cash inflows/(outflows) for the year (A+B+C+D)</b>		<b>105,198,187</b>	<b>24,265,762</b>
<b>F. Opening cash and cash equivalent</b>		<b>(484,870,076)</b>	<b>(509,135,838)</b>
Cash and cash equivalent		115,128,810	103,476,432
Short term finance		(599,998,886)	(612,612,270)
<b>G. Closing cash and cash equivalent (E+F)</b>		<b>(379,671,889)</b>	<b>(484,870,076)</b>
Cash and cash equivalent	12	48,175,927	115,128,810
Short term finance	17	(427,847,816)	(599,998,886)

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

  
**Company Secretary**

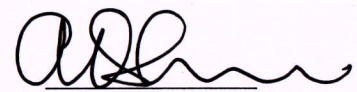
  
**Director**

  
**Managing Director & CEO**

As per our annexed report of same date.

Dhaka, 19 October 2020



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

**Bangladesh Lamps Limited**  
**Notes to the Financial Statements**  
**As at and for the year ended 30 June 2020**

**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 institutions 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 (IFRSs) 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 16 from 1 July 2019. Due to the transition methods chosen by the Company in applying the standard, comparative information throughout these financial statements has not been restated to reflect the requirements of this new standard.

The Company has only one lease agreement for its factory & offices. As the lease agreement is going to expire in December 2020, hence IFRS 16 is not applicable to the Company in the year-end 30th June 2020.

**Date of authorisation**

The financial statements were authorised for issue by the Board of Directors on 19 October 2020.

**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.





**Bangladesh Lamps Limited**  
**Notes to the Financial Statements**  
**As at and for the year ended 30 June 2020**

**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 2019 to 30 June 2020.

**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.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).



**Bangladesh Lamps Limited**  
**Notes to the Financial Statements**  
**As at and for the year ended 30 June 2020**

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 2020 and its statement of profit or loss and OCI for the year ended 30 June 2020 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.





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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).

Equity instruments designated at fair value through OCI include investments in equity shares of listed companies. The Company holds non-controlling interests in these companies. These investments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature.

### **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.



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**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, are recognised in the statement of profit or loss and other comprehensive income. Impairment losses has been shown in the Property, plant and equipment (see note 4).

**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. Intangible assets i.e., acquisition cost of the accounting software will fully amortised within 5 years of acquisition.

**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.





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**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.

**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 the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under IFRS 15, the company applies the following five steps for revenue recognition :

- Identifying the contract(s) with a customer.
- Identifying the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct.
- Determination the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer.



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- Allocation the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.

- Recognition revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognized as the performance obligation is satisfied.

Therefore, revenue from the sales of goods is measured at the fair value of the consideration received or receivable and net of Value Added Tax (VAT).

### **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.





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**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 2020.

**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**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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

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

**3.16 Operating segment**

As the company's business activity falls within a single business segment viz, 'Lighting products' 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 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 2020

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
<b>Cost:</b>									
As at 1 July 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
Additions during the year		-	8,173,798	487,680	332,134	648,512	898,132	-	10,540,256
Disposals during the year	4.3	-	-	-	(200,000)	-	(1,314,950)	-	(1,514,950)
As at 30 June 2020		92,538,873	527,350,317	10,433,499	28,555,393	7,221,831	12,967,633	4,419,638	683,487,184

#### Depreciation:

As at 1 July 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
Charge during the year	4.2	6,131,011	20,265,423	440,903	1,012,310	848,912	1,990,789	217,664	30,907,012
Loss on impairment during the year		316,352	-	-	99,761	-	-	58,180	474,293
Adjustments for disposals	4.3	-	-	-	(32,133)	-	(1,314,950)	-	(1,347,083)
As at 30 June 2020		74,587,262	478,802,973	9,620,438	26,499,479	5,109,097	6,480,353	3,977,344	605,076,946
As at 30 June 2020		17,951,611	48,547,344	813,061	2,055,914	2,112,734	6,487,280	442,294	78,410,238

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
<b>Cost:</b>									
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	4.3	-	-	-	-	-	-	-	-
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	4.3	-	-	-	-	-	-	-	-
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
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

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 on 1 January 2021.





4.2 Depreciation allocated to:

	Note	30 June 2020 Taka	30 June 2019 Taka
Cost of sales	22	28,832,379	27,305,673
Operating expenses	24	2,548,926	1,943,094
		31,381,305	29,248,767

4.3 Disposal of property, plant and equipment

Particulars	Original cost	Accumulated depreciation	Book value	Sale value	Mode of disposal
	Taka	Taka	Taka	Taka	
Nil	-	-	-	-	
2018-2019	-	-	-	-	
Electrical equipment	200,000	32,133	167,867	167,867	Sale
Vehicles	1,314,950	1,314,950	-	-	Sale
2019-2020	1,514,950	1,347,083	167,867	167,867	



	<u>Note</u>	<u>At 30 June 2020</u> <u>Taka</u>	<u>At 30 June 2019</u> <u>Taka</u>
<b>5.0 Investments</b>			
<b>Investment (at cost)</b>			
<b>Quoted</b>			
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
<b>Unquoted</b>			
Central Depository Bangladesh Limited (CDBL)		1,569,450	1,569,450
		<u>88,527,133</u>	<u>88,527,133</u>
<b>Quoted (at fair value)</b>			
Reliance Insurance Limited (1,216,155 shares)	5.1	43,781,580	54,848,591
Pubali Bank Limited (1,667,272 shares)	5.2	34,679,258	43,849,253
IDLC Finance Limited (4,977,069 shares)	5.3	208,539,191	300,117,261
National Housing Finance and Investment Limited (5,635,603 shares)	5.4	138,635,834	240,076,687
		425,635,863	638,891,792
<b>Unquoted - at cost:</b>			
Central Depository Bangladesh Limited (CDBL) (571,181 ordinary shares)		1,569,450	1,569,450
		<u>427,205,313</u>	<u>640,461,242</u>

- 5.1 Fair value of the shares as at 30 June 2020 of Reliance Insurance Limited was Tk 36.00 each, being quoted market price on that day.
- 5.2 Fair value of the shares as at 30 June 2020 of Pubali Bank Limited was Tk 20.80 each, being quoted market price on that day.
- 5.3 Fair value of the shares as at 30 June 2020 of IDLC Finance Limited was Tk 41.90 each, being quoted market price on that day.
- 5.4 Fair value of the shares as at 30 June 2020 of National Housing Finance & Investment Limited (NHFIL) was Tk 24.60 each, being quoted market price on that day.

	<u>Note</u>	<u>At 30 June 2020</u> <u>Taka</u>	<u>At 30 June 2019</u> <u>Taka</u>
<b>6.0 Fair value adjustment</b>			
Fair value of the investment (Quoted shares)	5.0	425,635,863	638,891,792
Less: Cost price of the investment (Quoted shares)	5.0	86,957,683	86,957,683
		<u>338,678,180</u>	<u>551,934,109</u>
<b>7.0 Loans and deposits</b>			
Cash and article loan to employees		5,582,569	9,193,681
Security and guarantee deposits		1,973,600	1,963,600
		7,556,169	11,157,281
Less : Current portion classified as current assets	10	2,840,972	3,876,422
		<u>4,715,197</u>	<u>7,280,859</u>





	<u>Note</u>	<u>At 30 June 2020</u> <u>Taka</u>	<u>At 30 June 2019</u> <u>Taka</u>
<b>8.0 Inventories</b>			
Raw materials		222,704,969	275,762,413
Raw materials in transit		21,116,706	46,274,670
Work-in-process		967,407	2,040,240
Finished goods		144,962,207	111,166,435
Promotional goods		2,589,014	3,265,837
Spare parts		11,639,730	14,284,123
		<u>403,980,033</u>	<u>452,793,718</u>
<b>9.0 Trade and other receivables</b>			
Trade receivables	9.1	86,675,536	306,210,125
Expected credit loss	35.1	(1,222,567)	(3,293,000)
Other receivables	9.2	45,153,900	9,080,532
		<u>130,606,869</u>	<u>311,997,657</u>
<b>9.1 Trade receivables</b>			
Sales to customers :			
Due below six months		65,694,752	293,072,253
Due more than six months		20,980,784	13,137,872
		<u>86,675,536</u>	<u>306,210,125</u>
<b>9.2 Other receivables</b>			
Bangladesh Electrical Industries Ltd.		584,086	1,367,632
Transcom Foods Ltd.		186,444	178,416
Transcom Distribution Company Ltd.		1,672,980	414,232
Sena Kalyan Sangstha		131,732	131,732
Transcom Electronics Ltd.		8,487,497	4,152,298
Transcom Mobile Ltd.		-	90,000
Transcom Ltd.		14,000,000	-
IDLC Finance Limited (Dividend receivable)		17,419,742	-
Miscellaneous		2,671,419	2,746,222
		<u>45,153,900</u>	<u>9,080,532</u>
<b>10 Advance, deposit and prepayments</b>			
Advances:			
Current portion of cash and article loan to employees	7.0	2,840,972	3,876,422
VAT current account		6,950,311	7,349,492
Advance to employees		3,854,253	4,142,016
Advance for goods-in-transit		5,740,847	7,796,334
Advance to suppliers		30,602	24,263
		19,416,985	23,188,527
Deposits:			
Customs deposits		216	216
Prepayment:			
Prepaid expenses		3,653,115	8,002,462
		<u>23,070,316</u>	<u>31,191,205</u>

	<u>Note</u>	<u>At 30 June 2020</u> <u>Taka</u>	<u>At 30 June 2019</u> <u>Taka</u>
<b>11 Advance income tax</b>			
Opening Balance		321,791,849	279,728,940
Add: Advance income tax paid u/s 64 of ITO 1984		-	-
Tax deducted at source		24,911,734	41,576,909
Tax paid for the assessment year 2010-2011		-	486,000
		24,911,734	42,062,909
		346,703,583	321,791,849
Less: Adjustment for completed assessments		-	-
Closing Balance		<u>346,703,583</u>	<u>321,791,849</u>
<b>12 Cash and cash equivalent</b>			
Cash in hand		53,659	76,295
<b>Balance with banks:</b>			
Standard Chartered Bank Ltd. - Kawran Bazar, Dhaka - C/A - 01133949401		18,596	23,475
South East Bank Ltd. - Kawran Bazar, Dhaka - C/A - 001511100000945		-	491
South East Bank Ltd. - Banani, Dhaka - C/A - 11100007583		304,837	4,724,326
South East Bank Ltd. - Kawran Bazar, Dhaka - C/A - 001511100002375		26,997	81,877
AB bank Ltd-Kawran Bazar Dhaka C/A No- 4002774344000		65,653	1,243,536
Dutch-Bangla Bank Ltd. - Banani, Dhaka - C/A - 10311019889		357,423	15,359,573
Dhaka Bank Ltd. - Kawran Bazar, Dhaka - C/A - 2071000007781		277,980	5,648,836
BRAC Bank Ltd. - Gulshan, Dhaka - C/A - 1501201990731001		4,144,131	1,390,632
The City Bank Ltd. - Gulshan, Dhaka - C/A - 1101237275001		117,264	922,403
Eastern Bank Ltd. - Gulshan, Dhaka. C/A - 1041060444541		130,446	-
<b>Cash at fixed deposit:</b>			
IDLC Finance Limited		-	46,473,929
National Housing Finance and Investment Limited (NHFIL)		42,678,941	39,183,437
<b>Cash and cash equivalent</b>		<u>48,175,927</u>	<u>115,128,810</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	13.1	93,706,080	93,706,080

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.

#### 13.1 Composition of shareholding

Note	At 30 June 2020		At 30 June 2019	
	No. of shares	Percentage	No. of shares	Percentage
38	5,068,336	54.09%	5,068,336	54.09%
	650,000	6.94%	650,000	6.94%
	99,569	1.06%	35,597	0.38%
	2,665	0.03%	2,665	0.03%
	2,230,049	23.80%	2,653,468	28.32%
	1,319,989	14.08%	960,542	10.24%
	<b>9,370,608</b>	<b>100%</b>	<b>9,370,608</b>	<b>100%</b>

The foreign investors have already sold their shares, but those shares have not been transferred in the name of buyers as at 30 June 2020.

#### Classification of shares by holding:

Holdings	Number of holders		% of total holding	
	At 30 June 2020	At 30 June 2019	At 30 June 2020	At 30 June 2019
1 to 500 shares	2,607	2,547	4.1	4.1
501 to 5000 shares	803	880	12.3	14.3
5,001 to 10,000 shares	63	72	4.7	5.3
10,001 to 20,000 shares	26	28	3.7	4.0
20,001 to 30,000 shares	4	3	1.0	0.8
30,001 to 40,000 shares	2	2	0.8	0.7
40,001 to 50,000 shares	1	2	0.4	0.9
50,001 to 100,000 shares	4	4	3.1	3.2
100,001 to 1,000,000 shares	5	3	15.8	12.6
Over 1,000,000 shares	1	1	54.1	54.1
	<b>3,516</b>	<b>3,542</b>	<b>100.0</b>	<b>100.0</b>



	<u>Note</u>	<u>At 30 June 2020</u> <u>Taka</u>	<u>At 30 June 2019</u> <u>Taka</u>
<b>14 Reserves and surplus</b>			
Capital reserve	14.1	2,305,167	2,305,167
General reserve		253,795,136	243,262,420
Fair value reserve		304,810,362	496,740,698
Retained earnings		(92,542,983)	29,273,932
		<u>468,367,682</u>	<u>771,582,217</u>
<b>14.1 Capital reserve</b>			
Capital reserve was created in 1982 on restructuring of the business.			
<b>15 Deferred liability - gratuity payable</b>			
Opening Balance		51,753,995	49,998,937
Add: Provision during the year		5,976,056	12,422,713
		<u>57,730,051</u>	<u>62,421,650</u>
Less: Payment during the year		2,995,052	10,667,655
		<u>54,734,999</u>	<u>51,753,995</u>
<b>16 Deferred tax liability/ (assets)</b>			
Deferred tax liability/ (assets) is arrived at as follows:			

<u>Particulars</u>	<u>Carrying Amount</u>	<u>Tax base</u>	<u>Taxable/(deductible) e) temporary difference</u>
<b><u>At 30 June 2020</u></b>			
Property, plant and equipment	78,410,238	63,217,323	15,192,915
Gratuity payable	54,734,999	-	(54,734,999)
Total taxable/(deductible) temporary difference			(39,542,084)
Applicable tax rate			25%
<b>Deferred tax asset</b>			(9,885,521)
Available for sale financial assets	338,678,180	-	338,678,180
Applicable tax rate			10%
Deferred tax liability			33,867,818
<b>Total deferred tax liability</b>			<u>23,982,297</u>
<b><u>At 30 June 2019</u></b>			
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%
<b>Deferred tax asset</b>			(5,605,349)
Available for sale financial assets	551,934,109	-	551,934,109
Applicable tax rate			10%
Deferred tax liability			55,193,411
<b>Total deferred tax liability</b>			<u>49,588,062</u>





	<u>Note</u>	<u>At 30 June 2020</u> <u>Taka</u>	<u>At 30 June 2019</u> <u>Taka</u>
<b>Movement of deferred tax liability:</b>			
Opening balance		49,588,062	50,203,814
Provision/(reversal) during the year		(4,280,172)	(3,348,097)
Provision/(reversal) during the year (OCI)		(21,325,593)	2,732,345
Closing balance		<u>23,982,297</u>	<u>49,588,062</u>
<b>17 Short term finance</b>			
Eastern Bank Limited:	17.1		
Bank overdraft		45,137,657	58,861,999
Import loan		28,114,685	192,673,730
Short term loan		190,868,188	28,000,000
		<u>264,120,530</u>	<u>279,535,729</u>
Dhaka Bank Limited:	17.2		
Bank overdraft		42,365,829	42,248,437
Import loan		19,638,532	51,789,323
Short term loan		33,434,642	143,979,388
		<u>95,439,003</u>	<u>238,017,148</u>
Southeast Bank Limited	17.3		
Bank overdraft		49,651,552	50,718,747
Import loan		14,644,424	31,727,262
Short term loan		3,992,307	-
		<u>68,288,283</u>	<u>82,446,009</u>
		<u>427,847,816</u>	<u>599,998,886</u>

- 17.1** Total bank overdraft and import loan/LC facility limit with Eastern Bank Limited, Dhaka at 30 June 2020 were Tk 60 million and Tk 440 million respectively with interest @ 9.00 % 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 2020 were Tk 50 million and Tk 250 million respectively with interest @ 9.00 % 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 @ 2.60% p.a.

- 17.3** Total bank overdraft and import loan/LC facility limit with Southeast Bank Limited, Dhaka at 30 June 2020 were Tk 50 million and Tk 60 million respectively with interest @ 9.00 % 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 2020</u> <u>Taka</u>	<u>At 30 June 2019</u> <u>Taka</u>
<b>18 Trade and other payables</b>			
For goods		35,153,047	67,782,848
For expenses		63,621,192	76,705,060
		<u>98,774,239</u>	<u>144,487,908</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.

<b>19 Other liabilities</b>			
WPPF contribution		-	2,008,023
Wages and salaries		12,297,602	10,784,670
Canteen expenses		1,424,395	1,903,153
Energy cost		2,409,995	1,007,870
Telephone and fax		465,514	555,438
Audit fees (including WPPF and PF audit)		437,500	402,500
Legal advisor's fees		262,836	640,086
Dividend payable		14,863,486	14,495,553
Provision for royalty	19.1	58,561,251	54,382,435
Security deposit		438,067	1,488,067
VAT payable		13,556,910	-
		<u>104,717,556</u>	<u>87,667,795</u>

<b>19.1 Provision for royalty</b>			
Opening Balance		54,382,435	47,268,098
Add: Provision during the year		4,398,588	7,909,094
		58,781,023	55,177,192
Less: Payment during the year		219,772	794,757
Closing balance	19.2	<u>58,561,251</u>	<u>54,382,435</u>

**19.2 Closing balance comprises of the following:**

For Philips brand	48,371,246	46,170,380
For Transtec brand	10,190,105	8,212,155
	<u>58,561,351</u>	<u>54,382,535</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.

<b>20 Provision for tax</b>			
Opening Balance		181,279,551	167,044,916
Add: Provision for the year		9,457,256	14,234,635
		190,736,807	181,279,551
Less: Adjustment for completed assessments		-	-
		<u>190,736,807</u>	<u>181,279,551</u>





		<u>30 June 2020</u>	<u>30 June 2019</u>
	<u>Note</u>	<u>Taka</u>	<u>Taka</u>
<b>21 Revenue</b>			
Energy saving lamps			
Sales		887,471,569	1,430,270,870
Less: VAT		126,414,005	156,782,696
		761,057,564	1,273,488,174
Electric bulbs	21.1		
Sales		174,776,399	272,596,411
Less: VAT		26,706,572	44,004,542
		148,069,827	228,591,869
Fluorescent tube lights			
Sales		28,424,067	62,027,852
Less: VAT		1,606,865	4,083,042
		26,817,202	57,944,810
Electrical accessories			
Sales		5,355,507	15,796,327
Less: VAT		1,076,150	2,331,878
		4,279,357	13,464,449
<b>Net sales</b>		<b>940,223,950</b>	<b>1,573,489,302</b>

**21.1** This includes net sales of Philips Brand GLS bulbs of Taka 61,135,169 for the year ended Jul'19-Jun'20, and Taka 118,670,660 for the year ended Jul'18 to Jun'19.

	<u>30 June 2020</u>	<u>30 June 2019</u>
	<u>Quantity</u>	<u>Quantity</u>
<b>21.2 Sales Quantity</b>		
Energy saving lamps	4,363,138	6,618,760
Electric bulbs	9,257,959	13,280,252
Fluorescent tube lights	502,369	1,081,961
Electrical accessories	360,290	986,697



		<u>30 June 2020</u>	<u>30 June 2019</u>
	<u>Note</u>	<u>Taka</u>	<u>Taka</u>
<b>22 Cost of sales</b>			
Opening stock of raw materials		275,762,413	380,708,029
Purchase during the year		531,706,742	888,717,635
Closing stock of raw materials		(222,704,969)	(275,762,413)
<b>Raw materials consumed</b>	<b>22.1</b>	<b>584,764,186</b>	<b>993,663,251</b>
Salaries and wages		84,955,585	100,258,847
Gratuity		3,156,585	7,833,595
Contribution to provident fund		2,767,810	2,378,097
Medical expenses		1,795,353	1,839,350
Staff welfare expenses		3,616,946	4,360,515
Canteen expenses		9,606,070	16,171,401
Power and fuel		14,003,384	22,889,105
Repairs and maintenance - General		2,258,852	3,117,066
Repairs and maintenance - Machinery		385,659	834,943
Stores and spares consumed		4,948,922	3,387,183
Rent, rates and taxes		7,748,274	8,606,260
Insurance		1,316,295	1,756,962
Telephone and fax		454,641	540,001
Travelling and conveyance		1,523,894	1,916,698
Vehicle running expenses		539,138	450,973
Computer & IT expenses		16,960	10,200
Printing and stationery		616,264	852,800
Licence and registration fees		1,600,372	2,108,499
Depreciation	<b>4.2</b>	<b>28,832,379</b>	<b>27,305,673</b>
		<b>754,907,569</b>	<b>1,200,281,419</b>
Opening work-in-process		2,040,240	3,138,808
Closing work-in-process	<b>22.2</b>	<b>(967,407)</b>	<b>(2,040,240)</b>
<b>Cost of production</b>		<b>755,980,402</b>	<b>1,201,379,987</b>
Opening stock of finished goods		111,166,435	79,923,685
Finished goods purchased during the year		20,226,708	30,285,845
Closing stock of finished goods	<b>8.0</b>	<b>(144,962,207)</b>	<b>(111,166,435)</b>
		<b>742,411,338</b>	<b>1,200,423,082</b>





## 22.1 Raw materials consumed

**30 June 2020**

Description	Opening stock	Purchase	Closing stock	Consumption
	Value	Value	Value	Value
	Taka	Taka	Taka	Taka
<b>Imported:</b>				
Energy saving lamps	211,560,624	409,890,723	173,908,285	447,543,062
Electric bulbs	21,578,593	31,519,446	14,224,116	38,873,923
Fluorescent tube lights	15,514,837	10,008,765	8,934,805	16,588,797
Electrical accessories	13,240,582	1,769,132	10,622,302	4,387,412
<b>Imported total</b>	<b>261,894,636</b>	<b>453,188,066</b>	<b>207,689,508</b>	<b>507,393,194</b>
<b>Local:</b>				
Energy saving lamps	6,649,765	42,859,450	9,706,160	39,803,055
Electric bulbs	5,096,844	33,802,903	4,139,524	34,760,223
Fluorescent tube lights	751,717	1,484,972	190,871	2,045,818
Electrical accessories	1,369,451	371,351	978,906	761,896
<b>Local total</b>	<b>13,867,777</b>	<b>78,518,676</b>	<b>15,015,461</b>	<b>77,370,992</b>
<b>Grand total</b>	<b>275,762,413</b>	<b>531,706,742</b>	<b>222,704,969</b>	<b>584,764,186</b>

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

**30 June 2019**

Description	Opening stock	Purchase	Closing stock	Consumption
	Value	Value	Value	Value
	Taka	Taka	Taka	Taka
<b>Imported:</b>				
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
<b>Imported total</b>	<b>365,331,205</b>	<b>763,283,056</b>	<b>261,894,636</b>	<b>866,719,625</b>
<b>Local:</b>				
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
<b>Local total</b>	<b>15,376,824</b>	<b>125,434,579</b>	<b>13,867,777</b>	<b>126,943,626</b>
<b>Grand total</b>	<b>380,708,029</b>	<b>888,717,635</b>	<b>275,762,413</b>	<b>993,663,251</b>

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



## 22.2 Break up of work-in-process

Description	At 30 June 2020		At 30 June 2019	
	Quantity (Pc)	Value (Taka)	Quantity (Pc)	Value (Taka)
<b>Energy saving lamps:</b>				
Unpacked lamps	4,032	476,113	3,136	642,645
		476,113		642,645
<b>Electric bulbs:</b>				
Mounted feet lamps	-	-	3,400	10,953
Unmounted feet lamps	-	-	-	-
Uncapped lamps	23,404	167,530	8,325	55,876
Unpacked lamps	37,500	295,858	37,360	441,539
Chemicals		27,906		55,020
		491,294		563,388
<b>Fluorescent tube lights:</b>				
Stem light	-	-	-	-
Mount light	-	-	1,200	11,396
Unpacked light	-	-	19,000	822,811
Inner sleeve	-	-	-	-
		-		834,207
		<b>967,407</b>		<b>2,040,240</b>

## 22.3 Closing stock of finished goods (in units)

	30 June 2020 Quantity	30 June 2019 Quantity
Energy saving lamps	636,052	260,115
Electric bulbs	1,259,510	2,287,550
Fluorescent tube lights	59,988	52,820
Electrical accessories	369,197	352,701





	<u>Note</u>	<u>30 June 2020</u> <u>Taka</u>	<u>30 June 2019</u> <u>Taka</u>
<b>23 Other income</b>			
Dividend income	23.1	18,847,694	27,248,076
Cost recovery		7,106,664	7,106,664
Forfeited account employer's contribution to provident fund		395,772	-
Income from sale of scrap		226,480	255,538
Sale proceeds from fractional bonus shares		-	35
		<u>26,576,610</u>	<u>34,610,313</u>

**23.1** Dividend income represents dividend receivable from investment in share of IDLC Finance Limited and cash received from Central Depository Bangladesh Limited (CDBL).

	<u>Note</u>	<u>30 June 2020</u> <u>Taka</u>	<u>30 June 2019</u> <u>Taka</u>
<b>24 Operating expenses</b>			
Salaries & benefits		83,816,092	84,770,779
Gratuity		2,819,471	3,711,418
Contribution to provident fund		1,384,986	1,242,688
Medical expenses		3,883,216	3,602,509
Computer & IT expenses		4,719,590	4,407,222
Rent, rates and taxes		60,756	60,756
Fuel and power		4,908,665	8,280,334
Insurance		329,804	371,980
Repairs and maintenance		471,899	989,167
Vehicle running expenses		3,184,236	2,705,844
Travelling and conveyance		14,793,928	16,249,507
Licence and registration fees		1,617,493	1,350,433
Postage and stamps		220,181	529,924
Directors' fees		715,000	736,000
Legal and professional expenses		379,000	1,394,865
Auditors' remuneration		400,000	410,000
Bank charges		1,447,408	757,538
Periodicals and journals		377,202	273,091
Entertainment		2,240,126	2,231,108
Printing and stationery		2,854,520	3,368,065
Telephone and fax		2,972,089	4,305,615
Royalty		4,398,588	7,909,094
Selling and distribution expenses		61,926,815	63,883,412
Replacement Cost		41,127,569	33,599,034
Sales promotion and publicity		24,390,722	73,303,961
Depreciation	4.2	2,548,926	1,943,094
		<u>267,988,282</u>	<u>322,387,438</u>

<b>25 Finance cost</b>			
Foreign exchange loss		5,096,852	673,612
On short term finance		45,697,029	50,422,569
		<u>50,793,881</u>	<u>51,096,181</u>



	<u>Note</u>	<u>30 June 2020</u> <u>Taka</u>	<u>30 June 2019</u> <u>Taka</u>
<b>26 Finance income</b>			
Interest income		6,875,734	7,833,739
Interest on cash loan to employees		151,308	141,840
		<u>7,027,042</u>	<u>7,975,579</u>
<b>27 Income tax expenses</b>			
Current tax	27.1	(9,457,256)	(14,234,635)
Deferred tax	16	4,280,172	3,348,097
		<u>(5,177,084)</u>	<u>(10,886,538)</u>

**27.1 Reconciliation of effective tax rate**

	<u>30 June 2020</u>		<u>30 June 2019</u>	
	<u>%</u>	<u>Taka</u>	<u>%</u>	<u>Taka</u>
Profit/(loss) before tax as per P&L		(87,365,899)		40,160,470
Profit/(loss) before tax after excluding other income		(113,942,509)		5,550,157
Tax using the Company's tax rate		-	3.5%	1,387,539
Tax effect of Provision for non-deductible expenses		-	33.3%	13,390,156
Adjustment/provision released during the year		-	-19.5%	(7,833,233)
Gross receipts	0.6%	5,687,717		
Other income	20.0%	3,769,539	18.2%	7,290,173
	<u>-10.8%</u>	<u>9,457,256</u>	<u>35.4%</u>	<u>14,234,635</u>

	<u>Note</u>	<u>30 June 2020</u> <u>Taka</u>	<u>30 June 2019</u> <u>Taka</u>
<b>28 Changes in fair value of shares available for sale</b>			
Closing fair value reserve	6.0	338,678,180	551,934,109
Less: Opening fair value reserve		551,934,109	524,610,661
		<u>(213,255,929)</u>	<u>27,323,448</u>





	<u>Note</u>	<u>30 June 2020</u> <u>Taka</u>	<u>30 June 2019</u> <u>Taka</u>
<b>29 Basic Earnings per share</b>			
The computation of EPS is given below:			
A. Earnings attributable to ordinary shareholders		(92,542,983)	29,273,932
B. Weighted average number of ordinary shares outstanding at the year end		9,370,608	9,370,608
<b>Basic Earnings Per Share (EPS) (A/B)</b>		<u><u>(9.88)</u></u>	<u><u>3.12</u></u>
<b>29.1 Diluted earnings per share</b>			
No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.			
<b>30 Net asset value per share (NAV)</b>			
The computation of NAV is given below:			
A Net asset		562,073,762	865,288,297
B Weighted average number of ordinary shares outstanding at the year end		9,370,608	9,370,608
<b>Net asset value per share (NAV) (A/B)</b>		<u><u>59.98</u></u>	<u><u>92.34</u></u>
<b>31 Net operating cash flow per share (NOCFPS)</b>			
The computation of NOCFPS is given below:			
A Net cash used in operating activities		137,780,625	28,363,062
B Weighted average number of ordinary shares outstanding at the year end		9,370,608	9,370,608
<b>Net operating cash flow per share (NOCFPS) (A/B)</b>		<u><u>14.70</u></u>	<u><u>3.03</u></u>
<b>32 Reconciliation of net operating cash flow</b>			
Profit before tax		(87,365,899)	40,160,470
Income tax expenses	27	(5,177,084)	(10,886,538)
<b>Profit after tax</b>		<u><u>(92,542,983)</u></u>	<u><u>29,273,932</u></u>
<b>Adjustment for:</b>			
Depreciation	22 & 24	31,381,305	29,248,767
Dividend income		(1,427,953)	(27,248,076)
Sale proceeds from fractional bonus shares	23	-	(35)
		<u><u>(62,985,403)</u></u>	<u><u>31,274,588</u></u>
<b>Changes in:</b>			
Loans and deposits		2,565,662	885,269
Inventories		48,813,685	119,286,536
Trade and other receivables		181,954,427	(37,743,301)
Advances, deposits and prepayments		8,120,889	(9,501,786)
Advance income tax	11	(24,911,734)	(42,062,909)
Deferred liability - gratuity payable		2,981,004	1,755,058
Deferred tax liability		(4,280,172)	(3,348,097)
Trade and other payables		(40,616,817)	(55,577,477)
Other liabilities		16,681,828	9,160,546
Provision for tax	20	9,457,256	14,234,635
<b>Net cash used in operating activities</b>		<u><u>137,780,625</u></u>	<u><u>28,363,062</u></u>

	Capacity in single shift	30 June 2020		30 June 2019	
		Quantity	Utilization %	Quantity	Utilization %
<b>33 Capacity utilization</b>					
Energy saving lamps	6,600,000	4,696,620	71%	6,647,939	101%
Electric bulbs	19,160,000	8,232,576	43%	13,688,611	71%
Fluorescent tube lights	1,200,000	511,293	43%	1,084,017	90%
Electrical accessories		378,724		1,146,316	

#### 34 Remuneration of Directors and Officers

No. of Directors & Officers	30 June 2020		30 June 2019	
	Directors	Officers	Directors	Officers
	10	123	10	162
	Taka	Taka	Taka	Taka
Fees	715,000	-	736,000	-
Remuneration	300,000	55,585,449	300,000	52,277,672
Provident fund contribution	-	1,516,591	-	1,350,350
Provision for gratuity	-	2,711,386	-	3,465,523
Housing	-	12,312,857	-	12,228,505
Other perquisites	-	6,201,919	-	7,327,600
	<b>1,015,000</b>	<b>78,328,202</b>	<b>1,036,000</b>	<b>76,649,650</b>

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

#### 34.1 Key Management Compensation

	30 June 2020	30 June 2019
	Taka	Taka
Short-term employee benefits	13,961,277	11,280,343
Other long-term benefits (PF and gratuity)	1,098,027	880,474
Post-employment benefits	-	-
Termination benefits	-	-
Share-based payment benefits	-	-
	<b>15,059,304</b>	<b>12,160,817</b>

#### 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.

	Invoiced 0-30 days	Invoiced 31-60 days	Invoiced 61-90 days	Invoiced 91-120 days	Invoiced 121-180 days	Invoiced 181-365 days	Invoiced above 365 days	Total
<b>At 30 June 2020</b>								
Trade receivables	Taka 36,338,877	Taka 9,973,838	Taka 3,329,077	Taka 8,404,052	Taka 7,648,908	Taka 12,861,661	Taka 8,119,123	Taka 86,675,536
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.51%	3.23%	9.46%	
<b>Expected credit loss amount</b>	-	-	-	-	38,725	415,925	767,917	1,222,567
<b>At 30 June 2019</b>								
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%	
<b>Expected credit loss amount</b>	-	-	-	-	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 2020</u>	<u>30 June 2019</u>
	<u>Taka</u>	<u>Taka</u>
Trade receivables	86,675,536	306,210,125
Other receivables	45,153,900	9,080,532
Cash at bank	48,122,268	115,052,515
	<u>179,951,704</u>	<u>430,343,172</u>

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

Energy saving lamps	70,158,894	247,828,169
Electric bulbs	13,649,973	44,485,301
Fluorescent tube lights	2,472,172	11,276,395
Electrical accessories	394,497	2,620,260
	<u>86,675,536</u>	<u>306,210,125</u>

	<u>30 June 2020</u>	<u>30 June 2019</u>
	<u>Taka</u>	<u>Taka</u>
<b>c) Ageing of trade receivables</b>		
The ageing of gross trade receivables at the reporting date was:		
Invoiced 0-30 days	36,338,877	139,450,924
Invoiced 31-60 days	9,973,838	81,212,314
Invoiced 61-90 days	3,329,077	42,291,505
Invoiced 91-120 days	8,404,052	18,377,762
Invoiced 121-180 days	7,648,908	11,739,748
Invoiced 181-365 days	12,861,661	4,977,156
Invoiced above 365 days	8,119,123	8,160,716
	<u>86,675,536</u>	<u>306,210,125</u>

**d) Ageing of other receivables**

The ageing of other receivables at the reporting date was:

Invoiced 0-30 days	45,022,168	8,858,800
Invoiced 31-60 days	-	-
Invoiced 61-90 days	-	-
Invoiced 91-120 days	-	-
Invoiced 121-180 days	-	-
Invoiced 181-365 days	-	-
Invoiced above 365 days	131,732	221,732
	<u>45,153,900</u>	<u>9,080,532</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:

**At 30 June 2020**

### Non-derivative financial liabilities:

[illegible]

**At 30 June 2019**

### Non-derivative financial liabilities:

Trade payables	67,782,848	67,782,848	67,782,848	-	-	-	3,148,936
Payables for expenses	76,705,060	76,705,060	73,556,124	-	-	-	22,968,319
Other liabilities	87,667,795	87,667,795	21,195,867	6,002,077	10,687,632	26,813,900	-
<b>Derivative financial liabilities</b>	<b>232,155,703</b>	<b>232,155,703</b>	<b>162,534,839</b>	<b>6,002,077</b>	<b>10,687,632</b>	<b>26,813,900</b>	<b>26,117,255</b>

## Derivative financial liabilities

### 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 2020</u>		<u>30 June 2019</u>	
	<u>BDT</u>	<u>USD</u>	<u>BDT</u>	<u>USD</u>
Foreign currency denominated assets	-	-	-	-
Foreign currency denominated liabilities				
Trade payables	(20,978,583)	(246,952.12)	(45,671,261)	(540,488.30)
Net exposure	(20,978,583)	(246,952.12)	(45,671,261)	(540,488.30)

The following significant exchange rates are applied during the period:

#### Exchange rates as

	<u>30 June 2020</u>	<u>30 June 2019</u>
	<u>Taka</u>	<u>Taka</u>
US Dollar (USD)	84.95	84.50

#### 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>10% decrease</u>	<u>10% increase</u>	<u>10% decrease</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
<u>30 June 2020</u>				
Expenditures denominated in USD	(2,097,858)	2,097,858	(2,097,858)	2,097,858
Exchange rate sensitivity	(2,097,858)	2,097,858	(2,097,858)	2,097,858
<u>30 June 2019</u>				
Expenditures denominated in USD	(4,567,126)	4,567,126	(4,567,126)	4,567,126
Exchange rate sensitivity	(4,567,126)	4,567,126	(4,567,126)	4,567,126





## 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 2020</u>	<u>30 June 2019</u>
	<u>Taka</u>	<u>Taka</u>
<b>Fixed rate instruments</b>		
<i>Financial assets</i>		
Cash at bank	48,122,268	115,052,515
<i>Financial liabilities</i>		
Long term loan	-	-
Current portion of long term loan	-	-
	<u>-</u>	<u>-</u>
<b>Floating rate instruments</b>		
<i>Financial assets</i>	-	-
<i>Financial liabilities</i>	-	-
Short term finance	427,847,816	599,998,886
	<u>427,847,816</u>	<u>599,998,886</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 2020</u>		<u>30 June 2019</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>
<b>Assets carried at fair value through profit or loss</b>	-	-	-	-
<b>Held to maturity assets</b>	-	-	-	-
<b>Loans and receivables:</b>				
Trade and other receivables	130,606,869	130,606,869	311,997,657	311,997,657
Cash at bank	48,122,268	48,122,268	115,052,515	115,052,515
<b>Available for sale of financial assets</b>	-	-	-	-
Investment on shares	427,205,313	427,205,313	640,461,242	640,461,242
<b>Liabilities carried at fair value through profit or loss</b>	-	-	-	-
<b>Liabilities carried at amortised costs</b>				
Trade payables	35,153,047	N/A*	67,782,848	N/A*
Payables for expenses	63,621,192	N/A*	76,705,060	N/A*
Other Liabilities	104,717,556	N/A*	87,667,795	N/A*
Other non-current liabilities	78,717,296	N/A*	101,342,057	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 L4S: 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 transactions	Transaction			
			Opening receivable/ (payable) "A"	Addition Amount "B"	Adjustment Amount "C"	Receivable/ (payable) At 30 June 2020 "D=A+B-C"
			Taka	Taka	Taka	Taka
Transcom Electronics Ltd.	Shareholding company	a) Cost recovery, utilities and distribution expenses	4,152,298	23,328,873	18,993,674	8,487,497
		b) Dividend paid	-	1,040,000	1,040,000	-
		c) Sales	-	3,672,220	3,672,220	-
Bangladesh Electrical Industries Ltd.	Group company	a) Cost of accommodation, utility facilities and security cost recovery	1,367,632	8,449,162	9,232,708	584,086
		b) Sales	10,800	56,390	67,190	-
Transcom Foods Ltd.	Group company	a) Cost of accommodation, utility facilities and security cost recovery	178,416	2,020,038	2,012,010	186,444
		b) Sales	542,475	521,475	531,625	532,325
Transcom Distribution Company Ltd.	Group company	a) Cost of accommodation, utility facilities and security cost recovery	414,232	6,402,547	5,143,799	1,672,980
		b) Sales	85,347	47,629	36,999	95,977
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	(16,824,834)	535,344	4,249,258	(20,538,748)
		b) Royalty	(8,212,155)	219,772	2,197,722	(10,190,105)
		c) Sales promotion and publicity expenses support	-	14,000,000	-	14,000,000
		d) Dividend paid	-	8,109,338	8,109,338	-
		e) Sales	2,250	250,304	250,304	2,250
Eskayef Pharmaceutical Ltd.	Group company	Sales	1,328,887	5,028,988	4,736,139	1,621,736
Mediastar Ltd.	Group company	Sales	75,916	496,000	528,048	43,868
Mediaworld Ltd.	Group company	Sales	34,360	5,500	38,374	1,486
Transcom Consumer Products Ltd.	Group company	Sales	39,198	12,240	-	51,438
Transcom Beverages Ltd.	Group company	Sales	26,852	692,900	610,766	108,986
Transcraft Ltd.	Group company	Sales	26,850	45,300	45,300	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 322 as on 30 June 2020 (30 June 2019: 371).

**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 2020.

**39 Claims against the company not acknowledged as debt**

None at 30 June 2020.

**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 and Tk. 0.89 million with regard to unresolved disputed tax claims against the tax Assessment Years (AY) 2017-2018 and 2018-2019 respectively. Appeals against tax disputes for years (AY) 2017-2018 and 2018-2019 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. 40.87 million and Tk. 0.23 million due to outstanding 'Letter of Credit' and 'Bank Guarantee' issued by Eastern 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 2020, the Board of Directors recommended a cash dividend of Tk. 1.00 per share amounting to Tk. 9,370,608 at the board meeting held on 19 October 2020.



#### 44 COVID-19 impact on preparation of financial statements

The global outbreak of Corona Virus (COVID-19) has reached Bangladesh in mid-March 2020. The government declared general holiday from 26 March 2020. The movement of persons and goods has been disrupted throughout the world. This has impacted almost all types of business either positively or negatively. As the outbreak continues to evolve, it is challenging at this juncture, to predict the full extent and duration of its impact on business and economy.

We have analysed COVID-19 impact in business and financials perspective. We have also analysed the funding status and cash availability to continue the operation. The financial impact and related compliance issues are presented below:

##### i. Going concern assessment

IAS 1 Presentation of Financial Statements requires management, when preparing financial statements, to make an assessment of an entity's ability to continue as a going concern.

Based on the forecast, the expected revenue for 2020-2021 would be approximate taka 140 crore which is 49% higher than the current year. The expected collection is taka 141 crore which is 7% higher than current year. Collection is also in good line in compared to sales. So, the company is fully complied with the going concern assumption based on the sales, collections and other healthy financial parameters.

##### ii. Accounts Receivables & Expected Credit loss Analysis:

We have assessed the collection status of next 12 months period and analysed the risk receivables. The summary of trade receivables & bad debts provision is presented below:

Descriptions	2019-2020	2018-2019
Trade Receivables in crore	8.66	30.62
Rate of Expected Credit loss	1.41%	1.08%

##### iii. Impairment assessment

An impairment loss is the amount by which the carrying amount of an assets or cash-generating unit exceeds its recoverable amount. An asset is impaired when an entity is not able to recover it's carrying value, either by using it or selling it.

As per IAS -36, we have done the impairment test and recognize impairment loss taka 4.74 lac in the year ended 30th June 2020.

