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| --- | --- | --- | --- | --- | --- |
| ***Client:*** XYZ Limited |  |  |  |  |  |
| ***Period ended:*** 31 December 2014 | ***Prepared by:*** | **A** | ***Reviewed by:*** | B |  |
| ***Subject:*** Final Analytics | ***Date:*** |  | ***Date:*** |  |  |
|  |  |  |  |  |  |
| **Statement of financial position** | | | | |  |
| **as at 31 December 2014** | | | | |  |
|  |  |  |  |  |  |
| **Particulars** | **As at 30 Dec 2014** | **As at 31 Dec 2013** | **Change** | | **Note Ref.** |
|
| **Taka** | **Taka** | **Amount** | **%** |
| **Assets** |  |  |  |  |  |
|  |  |  |  |  |  |
| ***Non current assets*** |  |  |  |  |  |
| Property, plant and equipment | 3,799,146,712 | 3,384,489,286 | 414,657,426 | 12.25% | Note 1 |
| Investments | 1,799,058,949 | 1,846,292,287 | (47,233,338) | -2.56% | Note 2 |
| Intangible assets | 825,571 | 1,358,905 | (533,334) | -39.25% |  |
|  | 5,599,031,232 | 5,232,140,478 | 366,890,754 | 7.01% |  |
| ***Current assets*** |  |  |  |  |  |
| Inventories | 2,961,175,971 | 2,553,330,342 | 407,845,629 | 15.97% | Note 3 |
| Trade and other receivables | 5,802,572,938 | 5,796,239,556 | 6,333,382 | 0.11% | Note 4 |
| Advances, deposits and prepayments | 700,887,177 | 728,000,934 | (27,113,757) | -3.72% | Note 5 |
| Cash and cash equivalents | 462,525,465 | 384,201,664 | 78,323,801 | 20.39% | Note 6 |
|  | 9,927,161,551 | 9,461,772,496 | 465,389,055 | 4.92% |  |
| **Total assets** | **15,526,192,783** | **14,693,912,974** | **832,279,809** | **4.92%** |  |
|  |  |  |  |  |  |
| **Equity and Liabilities** |  |  |  |  |  |
|  |  |  |  |  |  |
| ***Shareholders' equity*** |  |  |  |  |  |
| Share capital | 343,944,021 | 285,820,824 | 58,123,197 | 20.34% |  |
| Share premium | 351,340,343 | 333,302,465 | 18,037,878 | 5.41% |  |
| Reserves | 1,049,866,633 | 1,005,465,390 | 44,401,243 | 4.42% |  |
| Retained earnings | 4,861,534,405 | 4,012,663,572 | 848,870,833 | 21.15% |  |
|  | **6,606,685,402** | **5,637,252,251** | **969,433,151** | **17.20%** | Note 7 |
|  |  |  |  |  |  |
| ***Non current liabilities*** |  |  |  |  |  |
|  |  |  |  |  |  |
| Employee benefits | 441,858,763 | 340,664,767 | 101,193,996 | 29.70% | Note 8 |
| Other non-current liabilities | 56,114,163 | 519,789,367 | (463,675,204) | -89.20% | Note 9 |
| Deferred tax liabilities | 62,743,398 | 94,711,720 | (31,968,322) | -33.75% |  |
|  | **560,716,324** | **955,165,854** | **(394,449,530)** | **-41.30%** |  |
|  |  |  |  |  |  |
| ***Current liabilities*** |  |  |  |  |  |
| Bank overdraft | 427,836,789 | 741,441,244 | (313,604,455) | -42.30% | Note 10 |
| Loans and borrowings | 5,916,571,029 | 5,059,890,494 | 856,680,535 | 16.93% | Note 11 |
| Trade and other payables | 1,624,157,078 | 1,833,527,360 | (209,370,282) | -11.42% | Note 12 |
| Provision for tax | 390,226,161 | 466,635,771 | (76,409,610) | -16.37% | Note 13 |
|  | **8,358,791,057** | **8,101,494,869** | **257,296,188** | **3%** |  |
| **Total equity and liabilities** | **15,526,192,783** | **14,693,912,974** | **832,279,809** | **5.66%** |  |

**Explanations for the changes:**

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| --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 1** | In 2014 written down value (WDV) of PPE was BDT 3.7 billion including 400 million of CWIP and in 2013 that was BDT 3.3 billion including 585m of CWIP net change is 415 million. During 2014 total addition was BDT 726 million. Out of BDT 726 million, mainly 456 million is due to amalgamation, and112 milliondue to addition in vehicle mainly to empower field force by giving motor cycle of 43 million and due to empower distribution by covered van by 42m**.** Depreciation charged during the year was 307 million and adjustment due to disposal in accumulated depreciation was 7 million. And total disposal was 11 million. | | | | | | |
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| **Note 2** | Investment from 2013 to 2014 has been changed by 47 million. The change is due to change in investment in subsidiary called ABC Limited of 77 m to due to rights share issued to mainly to support loan repayment, amalgamation of investment in subsidiary called MNC Limited decreased by (25m) and due to increase in investment as there was a change in fair value of investment in Mu bank of 51 m which is available for sale investment. | | | | | | |
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| **Note 3** | In 2014 closing balance of inventories was 3 billion whereas in 2013 that was 2.5 billion, net increase is 408 million. Inventories have been increased due to increase stock of finished goods (FG) by 177 m and raw materials (RM) stock by 221 m. Inventories balance in 2014 related to FG were 2 billion whereas in 2013 that was 1.8 billion, and RM was 724 m in 2014 and 521 m in 2013. Inventories of finished goods (FG) mainly consist of FG for animal health (AH) business 672 m in 2014 and was 459 m in 2013, FG of consumer brand (CB) business 743 m in 2014 and in 2013 that was 847 m and FG of pharmaceuticals business of 307 m in 2014 and in 2013 that was 288 m. FG stocks have piled up to support sales growth as there was sales growth in AH was 31%, CB core was 5%, CB electrical was 121% And CB electronics was 38% and in pharmaceuticals it was 15%. The FG kept for pharma business is very low in compare to sale as because pharma is highly regulated industry as expiry date is concerned as well it has stable demand. FG of Consumer business decrease as t. And inventories of raw materials mainly consist of RM of pharma 451 m in 2014 and in 2013 it was 347 m, CB 94 m in 2014 and in 2013 it was 58 m , and fertilizer of 81 m in 2014 and in 2013 it was 36 m. Stock of RM of pharma is a bit higher than other businesses as there are limited supplier and beside there are some institutional buyer of pharma RM. RM of CB increase due to support production growth of electrical business and beside that in consumer business new product like dish wash, washing powder has been introduced in last quarter and to support their growth RM was there as additional stock compare to 2013. In 2014 in fertilizer there was remarkable growth and to support the growth RM of fertilizer increased significantly and there was new product, for instance balance fertilizer has been introduced in 2014. | | | | | | |
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| **Note 4** | Trade and other receivable: Net increase 6 million in compare to 2013. | | | | | | |
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|  | a) Trade receivable: | |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  | There was net decrease in receivable balance of 234 million. Mainly because of decrease, in receivable for consumer brand (CB) business of 199 m and cropex business of 60 m. Decrease in consumer brand has achieved through strong collection monitoring team besides KPI based credit management team and offer like 2/10 net 30 which was there in 2013 in little extent. And Decrease in cropex receivable as because cropex business in 2014 was cash on delivery based. And on the other hand, receivable balance for seeds business has been increased imported seeds' sale has been boasted up to capture market. Instance given by a product called HYB rice, where sales budget was 1200 metric ton but actual sales were 1500 metric ton. Beside that demand for high value R&D seeds increased and to capture that market in credit sale management were flexible. | | | | | | |
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|  | b) intercompany receivable: | |  |  |  |  |  |
|  | There was a change in 262 m in intercompany receivable which move to 4.3 billion from 4 billion. The change is basically due to decrease of 100 m receivable from ABC Limited due to amalgamation, working capital loan to it JV TY limited increased by 46m as TY is loss making company, working capital funding to XYZ Ltd.increased by25m and to Motors limited. by 21m as to support installment sale whereas inventory purchased by terms called payment at site normally, balance decrease from Flour limited by 33m, working capital funding to L Limited increased by 226 m as it is loss making company and funding to HC Limited increased by 101m to support construction of factory building and medicine development by foreign companies as it is new company and did not started its commercial operation. | | | | | | |
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| **Note 5** | Advance, Deposit and Prepayment were decreased to 700m from 728m net change is 27m | | | | | | |
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|  | ADP mainly consist of advance to employee as loan of 83m, Advance to C&F agents and suppliers of 142m, Advance for rent related depot and sales outlet of CB electronics business of 63m, Advance capital expenditure of 156m. There was a change in advance to C&F agents and others were 49m for prepaid insurance premium and advance for promotional expenses like bill board and increase in advance for capital expenditure were 96 million for land purchase and registration at a district and to support interior work of new office floor at Capital. | | | | | | |
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| **Note 6** | Cash and cash have increased from 384m in 2013 to 462m in 2014 by 20% mainly due to an increase in cash receipts from customers by 21%. | | | | | | |
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| **Note 7** | Total Equity increased by 969m is due to following reason:   1. Share capital increased by 58 million. Due to bonus share issue 57 million. Due to conversion of Zero coupon bond increase of .79 million and due to amalgamation, it was 2800 taka. 2. Share premium increased by 18 million due to conversion of zero coupon bond at premium by 17.9 million and due to issuing share for amalgamation at premium by Tk. 108,528. 3. Reserves increased by 44 million due to increase in available for sale reserve in Mutual trust bank by 46 million and decrease in revaluation surplus by 1.5 million due to disposal of fixed assets. | | | | | | |
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| **Note 8** | Long term employee benefit has been increased by 101 million. The change is due to net increase in gratuity provision by 79 million for approximately 639 employee who have passed 8 years in XYZ will receive at least 50% last basic for past years and other long term employee (leave encashment) benefit 21 million. | | | | | | |
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| **Note 9** | Other non-current liabilities have fallen significantly by 89% which is because there was no additional long term borrowing during the year 2014 like Zero coupon bond. Another major reason was the maturity of Convertible Zero Coupon Bond due on March 2015. Moreover, repayment of other previous long-term borrowings have also contributed towards an overall fall. | | | | | | |
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| **Note 10** | Apart from the reason explained in Note-6 Cash and cash equivalents, the reason for bank overdraft showing a significant fall of 42% is mainly due to an increase in other short term borrowing such as LATR, short term revolving loan and offshore by 17%. | | | | | | |
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| **Note 11** | There was an increase in short term loan by 17% which was mainly due to an overall growth in the business by 11%. Another reason for an increase is because short-term borrowings such as LATR and revolving loans are usually cheaper than bank overdraft. Therefore, in order to minimize overall finance cost, the Company took more short term loans. This was also reflected in bank overdraft which shows a fall of 42%. | | | | | | |
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| **Note 12** | Trade and other payable, consists of intercompany payable of 137 million, has been decreased by 209 million from 1.8 billion to 1.6 billion. This is because of followings: | | | | | | |
|  |  |  |  |  |  |  |  |
|  | 1. Trade and other payable: Trade payable has been decreased by 86 m from 448 m to 362 m. Cash flow from operating activities has been increased as collection from revenue was good and so they avoided procrastinating in payment so that can bargain better in next purchase.  Other payable increased by 111 million due to increase in accrual for expense by 99 million, increase in WPPF by 62 million due to addition and decrease of accruals by 54 million. Accrual for expenses includes provision for incentive of employees which is paid at the end of each quarterly and travelling expense for field force which is paid at the end of each month. | | | | | | |
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|  | 1. Intercompany payable balance to ABC limited related to FG (Coil, aerosol, air freshener) purchase for Consumer brand business was in 2014 137 million whereas it was 363 million in 2013. There is a change of 225 m in balance. | | | | | | |
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| **Note 13** | Net change in provision for taxes was (76m). It has been decreased to 390m from 466m. It has been increased by 360 million in 2014 due to provision made for the income year 2014. And decreased by 449m out as adjustment for the income years 2011,2012 and 2013. For 2013 it was 237m, though it was in first appeal stage. It is adjusted by assuming that as tax liability could not be lower than the tax liability acknowledge by assess in return, so even if it is in appeal stage for excess demand dispute, the amount which XYZ acknowledged in return has been adjusted. | | | | | | |
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| **Statement of financial performance** | | | | |  |
| **for the year ended on 31 December 2014** | | | | |  |
|  |  |  |  |  |  |
| **Particulars** | **1 Jan to 31 Dec** | | **Change** | | **Note Ref.** |
| **2014** | **2013** |
| **Taka** | **Taka** | **Amount** | **%** |
| **Revenue** | **12,318,723,190** | **10,683,600,712** | **1,635,122,478** | **15.30%** | **Note 1** |
| Pharmaceuticals | 5,744,012,657 | 4,975,668,245 | 768,344,412 | 15.44% |  |
| Animal Health | 1,669,138,273 | 1,271,620,170 | 397,518,103 | 31.26% |  |
| Consumer brands | 3,590,229,865 | 3,350,515,901 | 239,713,964 | 7.15% |  |
| Seeds (Local) | 378,897,032 | 365,547,389 | 13,349,643 | 3.65% |  |
| Seeds (Import) | 167,004,135 | 84,979,986 |  |  |  |
| Fertilizer | 490,736,885 | 377,719,065 | 113,017,820 | 29.92% |  |
| Cropex | 278,704,343 | 257,549,956 | 21,154,387 | 8.21% |  |
| **Less: Cost of goods sold** | **7,147,881,434** | **6,426,070,148** | **721,811,286** | **11.23%** | **Note 2** |
| Pharmaceuticals | 2,393,753,549 | 2,264,012,340 | 129,741,209 | 5.73% |  |
| Animal Health | 1,141,730,225 | 874,546,761 | 267,183,464 | 30.55% |  |
| Consumer brands | 2,663,733,821 | 2,500,050,869 | 163,682,952 | 6.55% |  |
| Seeds | 340,831,506 | 283,001,145 | 57,830,361 | 20.43% |  |
| Fertilizer | 344,780,857 | 254,649,880 | 90,130,977 | 35.39% |  |
| Cropex | 263,051,476 | 249,809,153 | 13,242,323 | 5.30% |  |
| **Gross profit** | **5,170,841,756** | **4,257,530,564** | **913,311,192** | **21.45%** |  |
|  |  |  |  |  |  |
| **Less:** | **3,468,192,050** | **3,031,647,932** | **436,544,118** | **14.40%** | **Note 3** |
| Salary and wages | 1,366,975,593 | 1,178,536,554 | 188,439,039 | 15.99% |  |
| Traveling and conveyance | 399,514,263 | 359,905,986 | 39,608,277 | 11.01% |  |
| Rent and rates | 86,210,756 | 96,797,993 | (10,587,237) | -10.94% |  |
| Repair and maintenance | 22,180,177 | 18,072,681 | 4,107,496 | 22.73% |  |
| Fuel and power | 21,219,616 | 17,247,448 | 3,972,168 | 23.03% |  |
| Postage | 35,811,419 |  |  |  |  |
| Printing and stationery | 36,417,603 | 28,231,046 | 8,186,557 | 29.00% |  |
| Promotional expenses | 877,363,707 | 32,715,882 | 844,647,825 | 2581.77% |  |
| Entertainment | 15,737,215 | 863,682,949 | (847,945,734) | -98.18% |  |
| Vehicle maintenance | 89,854,029 | 15,178,480 | 74,675,549 | 491.98% |  |
| Bad debts | 115,886,216 | 86,355,314 | 29,530,902 | 34.20% |  |
| Truck and handling | 176,869,980 | 28,818,195 | 148,051,785 | 513.74% |  |
| Legal and professional charges | 10,884,695 | 152,118,300 | (141,233,605) | -92.84% |  |
| Audit fees | 500,000 | 6,875,904 | (6,375,904) | -92.73% |  |
| Insurance | 16,992,465 | 450,000 | 16,542,465 | 3676.10% |  |
| Directors' fees | 20,250 | 14,493,083 | (14,472,833) | -99.86% |  |
| Bank charges | 8,821,062 | 21,526 | 8,799,536 | 40878.64% |  |
| Sundry expenses | 285,660 | 8,344,277 | (8,058,617) | -96.58% |  |
| Product development expenses | 25,110,102 | 549,938 | 24,560,164 | 4465.99% |  |
| Training expenses | 25,639,854 | 15,024,639 | 10,615,215 | 70.65% |  |
| Depreciation | 82,286,949 | 6,751,410 | 75,535,539 | 1118.81% |  |
| Amortisation | 633,932 | 62,686,209 | (62,052,277) | -98.99% |  |
| Lab chemical and apparatus | - | 576,432 | (576,432) | -100.00% |  |
| Meeting expenses | 29,993,285 | 24,989,804 | 5,003,481 | 20.02% |  |
| Share department expenses | 1,321,440 | 902,199 | 419,241 | 46.47% |  |
| Export expenses | 8,244,879 | 4,639,151 | 3,605,728 | 77.72% |  |
| ISO/TQM related expenses | 536,247 | 553,287 | (17,040) | -3.08% |  |
| Market research | 10,940,473 | 5,491,976 | 5,448,497 | 99.21% |  |
| Corporate Social Responsibility expenses | 1,940,183 | 1,637,269 | 302,914 | 18.50% |  |
|  |  |  |  |  |  |
| **Add:** | **82,582,624** | **137,591,248** | **(55,008,624)** | **-39.98%** | **Note 4** |
| Service charges | 4,122,794 | 1,905,190 | 2,217,604 | 116.40% |  |
| Dividend received | 63,021,168 | 63,021,166 | 2 | 0.00% |  |
| Rental income | 1,807,000 | 2,388,000 | (581,000) | -24.33% |  |
| Proceeds from sale of fixed assets | 2,769,410 | 56,294,280 | (53,524,870) | -95.08% |  |
| Gain/(loss) from foreign currency translations | 1,705,037 | 544,059 | 1,160,978 | 213.39% |  |
| Proceeds from scrap sale | 7,258,369 | 6,800,094 | 458,275 | 6.74% |  |
| Miscellaneous income | 1,898,846 | 6,638,459 | (4,739,613) | -71.40% |  |
| **Operating profit** | **1,785,232,330** | **1,363,473,880** | **421,758,450** | **(0)** |  |
|  |  |  |  |  |  |
| **Less:** | **150,000,000** | **-** |  |  |  |
|  |  |  |  |  |  |
| **Less: Financing Cost** | **296,400,829** | **295,776,400** | **624,429** | **0.21%** | **Note 5** |
| Bank loan\* | 210,562,823 | 199,782,600 | 10,780,223 | 5.40% |  |
| Employee welfare fund | 15,687,235 | 13,085,490 | 2,601,745 | 19.88% |  |
| Finance lease | 407,603 | 534,407 | (126,804) | -23.73% |  |
| Security deposits | 16,037,409 | 10,583,375 | 5,454,034 | 51.53% |  |
| Workers' profit participation fund | 24,389,086 | 19,796,251 | 4,592,835 | 23.20% |  |
| ACI 20% Zero Coupon Bonds | 29,252,922 | 51,889,132 | (22,636,210) | -43.62% |  |
| Other funds/borrowings | 63,751 | 105,145 | (41,394) | -39.37% |  |
|  |  |  |  |  |  |
| **Profit before contribution to WPPF** | **1,338,831,501** | **1,067,697,480** | **271,134,021** | **25.39%** |  |
|  |  |  |  |  |  |
| **Less:Contibution ot WPPF** | **66,941,575** | **53,384,874** | **13,556,701** | **25.39%** |  |
|  |  |  |  |  |  |
| **Profit before tax** | **1,271,889,926** | **1,014,312,606** | **257,577,320** | **25.39%** |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Less: Income tax expenses** | **321,176,317** | **250,124,700** | **71,051,617** | **28.41%** |  |
|  |  |  |  |  |  |
| **Profit for the year** | **950,713,609** | **764,187,906** | **186,525,703** | **24.41%** |  |

**Explanations for the changes:**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Note 1** | Revenue has been increased by 15%. The growth was because of following: | | |  |  |  |
|  |  |  |  |  |  |  |
|  | **a) Pharma business** |  |  |  |  |  |
|  | Pharma business achieved growth of 15%. In 2014 they introduced 15 new products. 2 products out of 15 were successful to grab the market. Beside that the 15% growth was regular growth as forecasted. This was able to achieve as because except first quarter of the year the political instability was a bit stagnant than last two quarter of 2013. | | | | | |
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|  |  | | | | | |
|  | **b) Consumer brand business** |  |  |  |  |  |
|  | In consumer business there was 7% growth. The consumer brand business consists of three sub business: Consumer brand core, consumer brand electrical (light) and consumer brand electronics (Panasonic and sparx) | | | | | |
|  |
|  | **Consumer brand core:** |  |  |  |  |  |
|  | In consumer brand core business there was 5% growth in amount 158 million. During the year approx 20 new products were launched out of which clean toilet clean powder, Tex and wonder dish wash bar and Smart detergent powder were contributed to 117 m increase in sales beside normal growth of existing product. | | | | | |
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|  | **Consumer brand electrical:** |  |  |  |  |  |
|  | Consumer brand electrical business has achieved growth of 120% during 2014. It is because XYZ market its manufactured light in Bangladesh in 2014 for the first time beside trading of imported goods. In addition to new variant are offered to the market, for instance LED light, color light, tube light and sales force has been increased to boast up the sale of light. | | | | | |
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|  | **Consumer brand electronics:** |  |  |  |  |  |
|  | Consumer brand electronics business sell braded TV, Fridge, Air conditioner etc. and branded refrigerator. During 2014 this business achieved growth of 38% due to increase in institutional sales. For increasing institutional sales new corporate sales manager were appointed to chase up protentional institutional buyer. | | | | | |
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|  | **c) Animal health business** |  |  |  |  |  |
|  | Animal health business achieved growth 30% in amount it 400 m. This is mainly because of | | | | | |
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|  | **d) Seed business** |  |  |  |  |  |
|  | Seed business has been increased by 21%. 14% of 21% change is due to increase in locally grown seed selling and 86% of 21% change in due to increase in imported seeds selling. Growth of Seed business increase as becease during 2013 it was in market preparation stage and in 2014 they reap the benefit of marketing that's they why the achieved the budgeted target of 540 million in 2014 where as it was 380 million in 2013. During 2014 High value R&D seeds and imported sale has been increased as demand for hybrid seeds were also increased. And beside that hybrid rice sold was more than budgeted amount And. These things led the seed business to achieve 21% growth. | | | | | |
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|  | **e) Fertilizer business** |  |  |  |  |  |
|  | Fertilizer business has been increased by 30%. It is because with regular sale of existing product new product, for instances organic fertilizer, balance fertilizer rice, balance fertilizer, bio ferti potato, bio ferti mango, have been introduced. And beside that bulk sales to govt institution like BARI, IAPP, BADC and to entity like A, B, C has been increased. | | | | | |
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|  | **f) Cropex business:** |  |  |  |  |  |
|  | Cropex business is mainly trading business. It has been increased by 8% in 2014. In 2014 export sale in corpex business is introduced for the first time. And beside that sale of soyabean mean has been increased significantly. | | | | | |
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| **Note 2** | Cost of Sales have been increased by 11% compared to the increase in revenue by 15%. It is mainly because of the following reason; | | | | | |
|  |  |  |  |  |  |  |
|  | **a) Pharma business** |  |  |  |  |  |
|  | In 2014 COGS was 2.3 billion whereas it was 2.2 billion in 2013. Net change is 129 million. The change is 6% whereas sales growth was 15%. GP margin in 2014 from this business was 58% and in 2013 was 54%. It was mainly due to the fall in price of RM in international market. | | | | | |
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|  | **b) Animal health business** |  |  |  |  |  |
|  | In 2014 COGS was 1.1 billion whereas it was 0.874 billion in 2013. Net change is 267 million. The change is 31% whereas sales growth was 31%. GP margin in 2014 from this business was 31% and in 2013 was 31%. | | | | | |
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|  |  |  |  |  |  |  |
|  | **c) Consumer brand business** |  |  |  |  |  |
|  | In 2014 COGS was 2.6 billion whereas it was 2.5 billion in 2013. Net change is 172 million. The change is 7% whereas sales growth was 7%. GP margin in 2014 from this business was 25% and in 2013 was 25%. | | | | | |
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|  | **d) Seed business** |  |  |  |  |  |
|  | In 2014 COGS was 340 million whereas it was 283 million in 2013. Net change is 57 million. The change is 20% whereas sales growth was 21%. GP margin in 2014 from this business was 38% and in 2013 was 37%. | | | | | |
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|  | **e) Fertilizer business** |  |  |  |  |  |
|  | In 2014 COGS was 340 million whereas it was 254 million in 2013. Net change is 90 million. The change is 35% whereas sales growth was 30%. GP margin in 2014 from this business was 30% and in 2013 was 33%. The reason for the decrease in GP margin in other words cost has been increased greater than relevant ratio of 2013 as because margin in institutional sales were lower than end user sales. | | | | | |
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|  | **f) Cropex business:** |  |  |  |  |  |
|  | In 2014 COGS was 263 million whereas it was 249 million in 2013. Net change is 13 million. The change is 5% whereas sales growth was 8%. GP margin in 2014 from this business was 6% and in 2013 was 3%. It was mainly due to an increase in high GP export sales and increase in soya bean meal sale where GP was greater. | | | | | |
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| **Note 3** | **Admin, distribution and selling expense:** |  |  |  |  |  |
|  | Admin, distribution and selling expense increased by 436 million from 3 billion to 3.436 billion mainly due to the following reasons: | | | | |  |
|  | a) Salaries and wages has been increased by 188 million. There were approx 4,000 employees in 2014. Their annual increment was at the rate of 10-12%. And beside that performance bonus as incentive has been increased as business size increased. | | | | | |
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|  | b) Traveling and conveyance expense has been increased by 39 million. This has been increasing as because size of sales force increased beside size of business. More business requisite more travelling. | | | | | |
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|  | c) Bad debt expense increased by 87 million. This expense has been increased from 28 m to 115 m. This expense has been increased as because credit operation management team has been restructured, beside that provision policy has been revised where days based outstanding balance provisioning method initiated rather than which was a lumpsum amount. | | | | | |
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|  | d) Truck and handling cost increased by 24 million is as sales volume has been increased. Beside that during political instability truck and handling cost was a bit higher as truck fare was a bit higher. | | | | | |
|  | e) Product development expense increased by 10 million from 15 m to 25 m. During 2014 there were new product development in mainly Pharma and CB core business. Due to these product development cost has been increased. | | | | | |
|  | f) As sales force increased, training expense also increased by 18 million. To instruct about product features to the field force about both existing product and new product due training are regularly organized. Beside that they also train some rural doctors through ICDDRB. | | | | | |
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| **Note 4** | Other income has fallen by BDT 55 million (40%) than that of the previous year. It is due to the following; | | | |  |  |
|  | a) Toll manufacturing during the year increased which resulted in an increase in service charges by BDT 2 million. For toll manufacturing XYZ Ltd has agreement with Les Laboratories Servicer Industries. Servicer provides raw materials and orders quantity to produce. After production of goods these are delivered to Transcom Distribution Limited. | | | | | |
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|  | b) Dividend income includes dividend received from ABC Limited and Central Depository Bangladesh Ltd (CDBL). ACI Ltd has stake of 53.48% (24,066,105 no. of shares) and 0.58% (1,142,362 no. of shares) in ABC Limited and CDBL respectively. | | | | | |
|  |
|  | c) Disposal of PPE during the year 2014 was BDT 5.9 million (at cost) which was BDT 384 million in 2013. | | | |  |  |
| **Note 5** | Finance cost comprises mainly of the following changes: | |  |  |  |  |
|  | a) Bank loan increased by BDT 10 million (5%) which was due to an increase in short term borrowing of 16% such as LATR and short term revolving loan. | | | | | |
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|  | b) Zero coupon bond (ZCB) was issued in 2010 and by 2013, three out of five bonds in each lot already matured. This resulted in a fall in finance cost of ZCB. | | | | | |
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**Disclaimer: Dummy audit working files have been prepared and published to improve the quality of audit documentation of member firms providing audit services in Bangladesh. Member firms providing audit services should not assume these dummy working files as absolute benchmark for the purpose of preparing and keeping audit documentation. Every audit client has unique characteristics and risks. International Standards on Auditing (ISA) also requires to exercise engagement partner’s judgment on a number of areas in conducting the audit of an entity. Therefore, member firms should use their professional knowledge, skill, experiences along with these dummy working files to keep adequate and appropriate working papers for each audit engagement. The preparers do not assume any liability for drawing an inappropriate audit opinion based on the working papers prepared on the basis of these dummy working files.**