

Annual Report 2016

(January-June 2016)



**Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh
(LFMEAB)**

**Erectors House (9th Floor), 18, Kemal Ataturk Avenue, Banani C/A,
Dhaka-1213, Bangladesh.**

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Current Executive Body (2015-2017)



President
Mr. Md. Saiful Islam
Managing Director
Picard Bangladesh Limited
Email: president@Lfmeab.org



Senior Vice President
Mr. Abdul Momen Bhuiyan
Director
Blue Ocean Footwear Limited
Email: momen@apexfootwearltd.com



Vice President (Finance)
Mr. Md. Nasir Khan
Managing Director
M/s Jennys Shoes Limited
Email: jennys@optimaxbd.net



Vice President (Admin & HR)
Mr. Md. Nazmul Hassan Sohail
Managing Director
Leatherex Footwear Industries Limited
Email: scarpe.bd@gmail.com



Director
Mr. M. Anisur Razzaque
Managing Director
Bangladesh Exports Limited
Email: bdexport@bdexport.net



Director
Mr. Ziaur Rahman
Managing Director
Bay Footwear Limited
Email: rahmanz@baygroupco.com



Director
Mr. Hedayetullah Ron
Managing Director
Footbed Footwear Limited
Email: ron@fbfootwear.com



Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh

LFMEAB/AGM/69/17
May 11, 2017

Revised Notice of the 13th Annual General Meeting

Notice for information of all members of the 13th Annual General Meeting of Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB), which will be held on Saturday 20 May, 2017 at 4:00 PM at Hotel Swiss Garden Ltd. House # 89, Road # 13, Block-D, Banani, Dhaka-1213.

The Agenda for the Meeting are as follows:

1. To confirm the minutes of the 12th Annual Meeting held on 20th August, 2016.
2. Presentation of the Annual Report 2016 of the Executive Committee and adoption thereof.
3. Presentation of the audited accounts of the Association for the year January 2016- June 2016 and auditors report thereon.
4. To appoint auditors for the July 2016- June 2017 and determine their remuneration.
5. Announcement of the new Executive Committee for the year 2017-2019 by the Chairman, Election Board

By order of the Executive Committee, all members of LFMEAB are earnestly requested to kindly attend the meeting accordingly.

Kazi Roushan Ara
Executive Director
LFMEAB

Distribution:

- All members of LFMEAB
- Admin Department, LFMEAB

N.B: The Chief Executive of the member company/Managing Director or in his/her absence or inability any other Director may attend the meeting.

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Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh

Minutes of the 12th Annual General Meeting of Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB) held on Saturday, 20th August, 2016 at 4:00 pm Six Seasons Hotel, Hemonto Hall, House 19, Road 96, Gulshan-2, Dhaka-1212.

The 12th Annual General Meeting of Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB) held on Saturday, 20th August, 2016 at 4:00 pm Six Seasons Hotel, Hemonto Hall, House 19, Road 96, Gulshan-2, Dhaka-1212. Mr. Md. Saiful Islam, President of LFMEAB presided over at the AGM Session.

There being requisite quorum, the meeting was called on order. Ms. Kazi Roushan Ara, Executive Director of LFMEAB read out the notice of the meeting. Afterwards, President welcomed all the members present at the AGM and proceeded with the meeting according to agenda.

Agenda-1: To confirm the minutes of 11th Annual General Meeting held on Saturday, 6th June, 2015.

The minutes of the 11th AGM held on Saturday, 6th June, 2015 at 4:00 pm at LFMEAB Conference Room, Banani, Dhaka-1213, circulated earlier placed before the AGM for approval. President invited comments on the said minutes. Having received no correction from anyone, on proposal from Syed Nasim Manzur, Managing Director of Apex Footwear Ltd. and seconded by Mr. Kamal Uddin, Managing Director of ECM Footwear Limited the meeting confirmed the minutes.

Agenda-2: Presentation of the Annual Report 2015 of the Executive Committee and adoption thereof

President then presented the Annual Report 2015 of the Executive Committee highlighting the major activities of the previous year. He briefly touched upon the global macro-economic situation and the state of Bangladesh economy and projected opportunities and likely challenges for member companies. Next, President summarized the changing trends of global leather products industry and strategic market opportunities for Bangladesh. He also highlighted Export performance of Bangladesh and industry outlook for FY 2015-16.

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Then, President underlined the challenges of the sector and ways of moving forward: Having a narrow product range, lack of grasping fast fashion export items, sustainable policy support, and limited trade facilitations are key hurdles that require to overcome to increase competitiveness in international market. In addition, swift Hazaribagh tannery relocation in Savar and availing appropriate and labor intensive technology are critically important for sector. Going beyond the traditional notion of being low-cost, moving towards more value-added products and investing in product variations are to be key focus. Hence, President urged the government to take long-term and predictable support package such as special export investment fund, sharing financial cost of setting up labs, Technology Up gradation Fund Scheme (TUFS), and National Social Security Fund (NSSF) as those were adopted by successful leather and footwear exporter countries like India and Vietnam.

President informed the meeting about trainings of Bangladesh Economic Growth Program (BEGP) and Leather Sector Business Promotion Council (LSBPC) for meeting up skills need of member factories, up gradation of Knowledge & Resource Centre (KRC), and availing prestigious membership of Confederation of International Footwear Association (CIFA), compliance for successes, and Factory Improvement Program with GIZ among others.

President updated the meeting regarding successful completion of 2 Bangladesh Inspired Projects and ongoing programs such as Skills for Employment Investment Program (SEIP), and ECOLEBAN Initiative. He also introduced 2 important new initiatives such as gender policy for member factories and introducing health insurance coverage for factory workers. Finally, President welcomed 13 new members of Association.

Agenda-3: Presentation of the audited accounts of the association for the year ended 31st December 2015.

Being requested by the President, Mr. Nasir Khan, Vice President (Finance) presented the audited accounts of the Association for the year ended 31st December 2015. There were item wise discussion on the Balance Sheet, Income-Expenditure statement and etc. Members present expressed satisfaction with the financial position of the Association. President then requested for acceptance and adoption of the Annual Audited Accounts. Audited Accounts were accepted and

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adopted on proposal from Mr. Md. Mahbubur Rahman Patwari, Managing Director of Sonali Aansh Industries Ltd., which was seconded by Mr. Mohammad Shariful Hassan, Director of Scarpe E Moda Ltd.

Agenda-4: To appoint Auditor for the year 2016 and fix up their remuneration.

President informed the meeting that *M/s Howladar Yunus & Co., Chartered Accountants* rendered audit services for the year of 2015 and they submitted Express of Interest (EoI) to undertake audit and Executive Committee being satisfied has proposed the same audit firm to appoint for the year of 2016. President also informed the meeting that this year 2 audits will be conducted to be adjusted with government's new policy of following July-June FY. As such, from now on, Association will follow the July-June FY. The meeting confirmed the appointment of *M/s Howladar Yunus & Co., Chartered Accountants* and adopted the July-June FY policy on proposal from Syed Nasim Manzur, Managing Director of Apex Footwear Ltd. and seconded by Mr. Kamal Uddin, Managing Director, ECM Footwear Limited.

At the end, President passed minutes of the 12th Annual General Meeting of Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB).

Vote of thanks

President thanked the members present for attending the meeting which was made successful with their active participation. Members in turn thanked the President for hosting the AGM with dinner. There being no other business to transfer the meeting ended with a vote of thanks to the Chair.

Md. Saiful Islam

President

Annual Report 2016

Dear members, ladies and gentlemen,

Good afternoon!

On behalf of my fellow board members, I would like to welcome you all to the 13th Annual General Meeting 2016. It gives us great pleasure to have you all today and your presence is an expression of the trust that you have placed in our Association. Before presenting the report, I would like to look at the macro-economic situation and the overall state of our economy during the reporting period. Better comprehension of the economic situation will enable us to look at our opportunities, address the challenges that we may face and also develop appropriate strategies for our trade.

Economic scenario: home and abroad

Today, the world has entered into a period of greater political uncertainty, looming risk of protectionism, populism, and damaging trade war. I am speaking to you at a time when the global economy continues its slow growth. The impact on global economic growth and business performance, however, has been mixed so far. There are uncertainties of different kinds weighing down on emerging market growth prospects especially in Bangladesh, India, Mexico, and Turkey etc. The baseline projection of World Economic Outlook for global growth in 2016 is a modest 3.2 percent. However, WTO predicts growth in the volume of world trade is expected to remain sluggish in 2016 at 2.8%, unchanged from the increase registered in 2015, which should rise to 3.6% in 2017. The developing countries were ahead of the developed economies in terms of exports in 2015. A sharp trade slowdown has had an impact in all regions in 2015, while it has also slowed down emerging economies. Thus, risk of weaker growth scenario is becoming more tangible. The EU zone which is our biggest market, likely to witness slow growth due to change in market dynamics arising from post-brexite complexities. Despite the bleak global economic scenario, there are some positive aspects too: commodity-importing emerging markets and developing economies have shown more resilience. According to forecasts, these economies will grow at a 5.8% rate in 2016, down modestly from the 5.9% rate estimated for 2015, as low energy price and the modest recovery in advanced economies support economic activity. Moreover, the world economy is projected to grow by 2.9 percent in 2016 and 3.2 percent in 2017, and 3.5% percent in 2018 supported by generally less restrictive fiscal and still accommodative monetary stances worldwide.

From domestic point of view, our national economic scenario looks bright. Bangladesh government projected that GDP will grow to 7.05 percent in 2015-16. The government had also expected an increase in per capita income to \$1,466 in 2016 from \$1,316 in 2015. Although ADB lauded Bangladesh's progress in 2015 but projected GDP growth in 2016 lower than the government. According to ADB, GDP growth in Bangladesh picked up to 6.6% in 2015 whereas Bangladesh economy to grow 6.7% in 2016 on the basis of projected strong exports, and rising consumption. According to the BBS provisional data for FY 2015-16, the industry sector grew 10.10% from 9.67%, and manufacturing 10.30%. The overall growth performance of Bangladesh is indeed commendable and on the whole Bangladesh economy is on the right track.

Global sectoral trends and strategic market opportunities

Current (2016) annual import of leathersgoods and leather footwear globally has scaled the level of US \$ 211 billion. Bulk of consumer requirements for leather based products such as footwear, apparel, assorted leathersgoods and the like in most of the industrialized countries such as the USA, UK, leading EU members including Germany, France, Italy, the Netherlands and Nordic countries, is met by imports from developing countries.

In terms of footwear export market, the global market size for exports of footwear is over USD 130 billion, USA is the largest market with over 22% of the global imports. The top 10 importing countries account for more than 60% of the global trade. China accounts for almost 40% of the global exports followed by Vietnam which accounts for around 10%. Particularly USA market continues to be the largest importing country, being the destination of one out of every five pairs of footwear imported worldwide. In terms of value the export in 2016 shows a decreasing trend compared to 2015. Leathersgoods import decreased by 8% and leather footwear export decreased by 7.56% in 2016 in USA market. According to the bulletin of FDRA July 2016, Footwear imports sank on a year-over-year basis for the fourth straight month in June 2016, off -10.7% (USD) and - 8.9% (pairs).

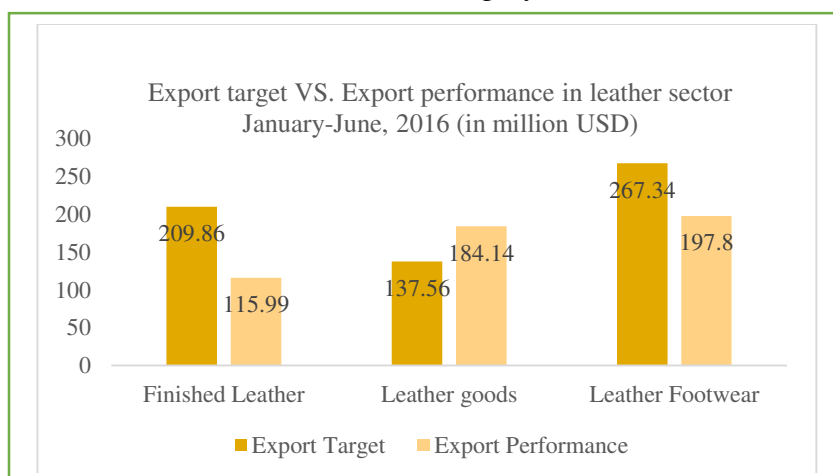
Hence, it is to be noted here that as China gradually is shifting its conventional manufacturing concentration into high-tech industries, it is important to observe how emerging manufacturing countries such as Cambodia, Ethiopia, India, and Bangladesh will be positioning in global supply chain. Perhaps considering this dynamics, *Pew Research Center* has already marked Bangladesh as a sourcing hub in South Asia that transformed.

Against the backdrop above, all leading brands of the USA and the EU procure their products in large measure from many developing countries of Asia. Global trade in leather and leather products reflects the trends in shifting of production base to developing countries. The shifting trends of the global leathergoods and footwear exports presents us strategic trade opportunities strengthening our positioning in global supply map by increasing productivity, quality and supply chain efficiency. However, strategically, product development facility and collective brand marketing will be critical factor for us to make ourselves competitive. So, there should be the area of rapid improvement so that we are able to deliver right ahead of time and in the right way.

Industrial outlook: export performance in period of January-June, 2016

The overall export target of the leather industry for the period of January to June, 2016 was 614.76 million USD; however, the target was underachieved for that period. Hence, the overall export performance was 497.93 million USD. There was an overall decrease of 19%.

The major decline happened in the finished or semi-finished leather category. The leather footwear export also showed a negative growth rate of 26.01% in the reported 6 months period. However, the export of leathergoods has increased significantly, where the export target was 137.56 million, but the sector has achieved export earnings of 184.12 million USD with a positive growth rate of 33.86%.



Products with 2 digit HS code	Export target for January-June, 2016	Export performance for January-June, 2016	% Change of export performance over export target for January-June, 2016
Total of Leather & Leather Products (41-43 & 6403)	614.76	497.93	-19%
Leather (Chapter 41)	209.86	115.99	-44.73%
Leather Products (42-43)	137.56	184.14	33.86%
Leather Footwear (6403)	267.34	197.8	-26.01%

Compliance for successes

In this era of sustainability, compliance in business is not only about following regulations and addressing concerns of the international buyers; rather this must be an integral part of responsible business practice. Moreover, compliance can lead to business success as it enhances exportability and profit margin in the long run. LFMEAB understands that compliance can lead to trading success; therefore; LFMEAB has initiated the move to make its members compliant since June 2013. As part of our continuous compliance enhancement effort, besides our regular compliance activities, during the reporting period, we have implemented various factory improvement program. We have initiated social compliance assessment in 50 member factories under collaboration agreement with GIZ. Under this factory improvement program in next phase further 100 member factories will avail technical assistance.

Major activities in 2016

Now I would like to take this opportunity to highlight key activities that we have undertaken: As part of the ongoing sectorial development and making the sector more integrated in global supply chain:

- Association conducted regular *trainings of BEGP and LSBPC* for meeting up skills need of member factories.
- We have launched *Investment Brochure* to unlock the potential of the leather sector by guiding prospective investors.
- We have also published first Bangla Text book- *Foot Last Footwear: Structure, Types and Defects*- which is useful for footwear technicians as well as production engineer to perfect their products reducing rate of rejection.
- Upgraded *Knowledge & Resource Centre (KRC)*. Along with providing up-to-date knowledge and latest trend and resources, KRC has been contributing in making papers and presentations, preparing promotional reports, regional and international collaboration, and bringing intervening areas for up-gradation.
- LFMEAB partnering with Centre of Excellence for leather Skill Bangladesh Ltd (COEL) established a *digital pattern making facility center*, which provides the grading services with minimum cost.

Ongoing Programs

▪ Skills for Employment Investment Program (SEIP)

On 9th May 2016, LFMEAB has signed a contract for implementing *Skills for Employment Investment Program (SEIP)* for the leather sector with *Ministry of Finance* and *Asian Development Bank (ADB)*. Currently, under this partnership, a total of 5,090 workers of LFMEAB member factories are being trained through apprenticeship & upskilling training. Eventually, total 15,000 unskilled, and semi-skilled work force of LFMEAB member factories will be trained by December 2020. LFMEAB is implementing this skill development initiative in partnership with *Centre of Excellence for Leather Skill Bangladesh Limited (COEL)*.

▪ ECOLEBAN Initiative

One of our ongoing initiatives is implementation of environmental management systems and eco-labelling schemes in the SMEs of the leather sector in Bangladesh (ECOLEBAN). During the period we have:

- ✓ Introduced ISO 14001: 2015 (EMS).
- ✓ Introduced "Ecolabelling" for the leather sector in Bangladesh.
- ✓ Conducted Round Table on Sustainable Consumption Practice (SCP).

New Members

1. Shilpi Footwear Industries Ltd.
2. Akij Shoes Ltd.
3. Edison Footwear Ltd.
4. FM Leather Limited.
5. Arcobaleno Footwear ltd.
6. Leather Emporium.
7. Walk Leather Products Limited.
8. Alpha Sports Gear Bangladesh Ltd.
9. Golden Akij Shoes Ltd.
10. Sanwa Corporation Ltd.

We warmly welcome our new members and hope they will have long and fruitful relations with the Association.

Financial Position (for the period from January 01, 2016 to June 30, 2016)

M/s Howladar Yunus & Co., Chartered Accountants audited the accounts of the Association for the period from January 01, 2016 to June 30, 2016. It appears from the audited accounts that during the period total income of the association was **tk. 32,016,008/-** compared to last year's (whole

year) income of **tk. 60,813,685/-** while the total expenditure during the period was **tk. 31,070,682/-** compared to previous years year's (whole year) **tk. 57,048,434/-** with a net surplus of income over expenditure **tk. 945,325/-** as against the surplus of **Tk. 3,765,251/-** in the previous year (whole year).

Conclusion

We appreciate the government's policy supports that helped the sector to flourish experiencing 20.46% average annual growth rate of leathergoods and footwear in previous 5 years. We also welcome government's policy initiative to diversify Bangladesh's export products and explore new markets outlined in *7th five year plan*. Hence, LFMEAB is working hard to be an example in diversified sector contributing high value addition and massive employment generation. *We hope, Ministry of Industries and Ministry of Commerce, Bangladesh Bank, National Board of Revenue, Board of Investment, Department of Customs* and other related agencies will take long-term and sustain policy support to achieve 5 billion USD export by 2021 .

Finally, I wish to acknowledge the contribution of board members, sincere cooperation from member companies, LFMEAB team for all their hard work and dedication to making this a vibrant, friendly and welcoming Association of which we are very proud of.

Thanking you

Md. Saiful Islam
President, LFMEAB

Major Activities at a Glance



12th Annual General Meeting-2015 at Six Seasons Hotel, Hemonto Hall



Closing Ceremony of Inspired initiatives: building capacity & SME development in leathergoods and footwear sector



MoU Signing Ceremony of SEIP between Ministry of Finance and LFMEAB

Trainings



Green financing in leather sector under Switch-Asia ECOLBAN initiative



Workshop on implementation of electrical safety programme for leather footwear factories in Bangladesh on 23rd March, 2016



Workshop on implementation of electrical safety programme for leather factories in Bangladesh on 5th June, 2016



Training on efficiency improvement: lean management approach for increasing profitability



Leather Sector- towards green, 18th February 2016: implementation of environmental management system and ECO-Labeling schemes in the SMEs of the leather sector in Bangladesh.



ECO manufacturing and green financing



Picard Bangladesh Limited is receiving National Export Trophy from Honourable Prime Minister



FB Footwear Limited is receiving National Export Trophy from Honourable Prime Minister



Lalmal Footwear Ltd. is receiving National Export Trophy from Honourable Prime Minister



ABC Footwear Limited is receiving National Export Trophy from Honourable Prime Minister



National Export Trophy distribution by Honourable Prime Minister

Press Releases



Bangladesh leather industry focus on training May 11, 2016 / Bangladesh

The Skills for Employment Investment Program (SEIP) is being implemented for the leather sector. With this new deal the local entities are expecting to boost productivity. The signing ceremony between the Leathergoods & Footwear Manufacturers and Exporters Association of Bangladesh (LFMEAB) and the Finance Division of Ministry of Finance of the government of the People's Republic of Bangladesh occurred on the 9th of May. LFMEAB will implement this skill development project in collaboration with the Centre of Excellence for Leather Skill Bangladesh Limited (COEL).



The aim is to implement SEIP for the leather sector. This project, developed under the Finance Ministry, deals with the financing of the training for producing a skilled workforce. Through this new partnership a total of 5 090 workers of the leather sector will be trained with apprenticeship & quality training, free of cost, within the next two years, in 15 courses including sewing and cutting, setting and assembling, productivity improvement technique, material selection, and sourcing and procurement.

KRC Corner

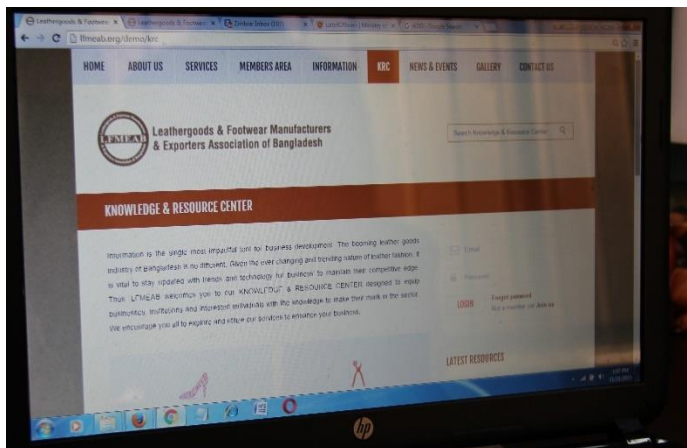
LFMEAB Knowledge & Resource Centre (KRC) is an online-managed center established to provide up-to-date knowledge and latest facilities needed in Bangladesh leathersgoods and footwear sector. It is equipped with resources containing global and regional market information, fashion trends and guides, innovative ideas on product and design, compliance guidelines, training manuals, policy briefs, investment outlooks, research materials, and other public and private support systems.

Currently Available KRC Resources

Currently following purchased resources are available:

1. ArSutoria Trends Guide AW 16-17
2. ArsSutoria Trends Guide shoes & bags
3. Resources and reports of FDRA- Footwear Distributors and Retailers of America
4. International Leather Maker (ILM) Magazine
5. Luggage, Leathergoods and Accessories Magazine
6. Shoe intelligence magazines
7. Footwear Technical Dictionary
8. Bangla Text book- *Foot Last Footwear: Structure, Types and Defects*

Some of available KRC materials

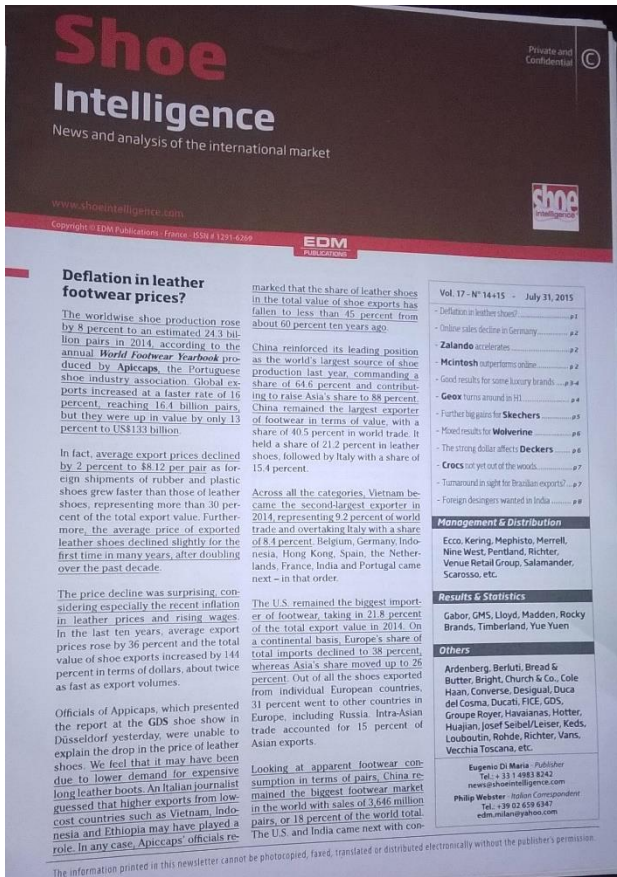


KRC online window



KRC physical library

Some of available KRC materials



Audit Report 2016 (for the period of January 01, 2016 to June 30, 2016)

**Independent Auditor's report on the financial statements of
Leathergoods And Footwear Manufacturers & Exporters Association of
Bangladesh
For the Period Ended June 30, 2016**

**Submitted by
Howladar Yunus & Co.
Chartered Accountants**

April 22, 2017

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- 3 Statement of Comprehensive income**
- 4 Statement of Receipts and Payments**
- 5 Notes to the Financial Statements**

Howladar Yunus & Co.

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Independent Auditor's report

We have audited the accompanying financial statements of Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh which comprise the statement of financial position as at June 30, 2016 and the related statements of comprehensive income and statement of receipts and payments for the period January 01, 2016 to June 30, 2016 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards and the Companies Act, 1994 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Chartered Accountants
 Correspondent firm of Grant Thornton International Ltd.



Howladar Yunus & Co.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh as at June 30, 2016 and the related statements of comprehensive income and statement of receipts and payments for the period then ended in accordance with Bangladesh Financial Reporting Standards, the Companies Act, 1994 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

We also report that:

- (a) We have obtained all the material information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (c) The Company's financial position and financial performance dealt with by the report are in agreement with the books of account;



Chartered Accountants

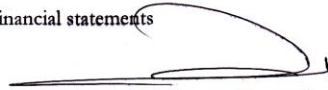
Dated: Dhaka
April 22, 2017

Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh
Statement of Financial Position
As at June 30, 2016

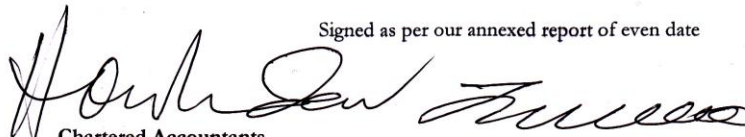
Particulars	Notes	2016 Taka	2015 Taka
ASSETS			
Non-current assets:			
Fixed assets	4	10,814,508	10,783,743
Advances	5	810	638,527
		10,815,318	11,422,270
Current assets			
Investment in FDR	6	4,491,636	2,304,742
Loan to project		690,675	-
Subscription receivable	7	1,011,000	1,226,000
Other receivables	8	143,240	151,360
Cash & Cash Equivalents	9	8,184,300	17,194,065
		14,520,851	20,876,167
Total Assets		25,336,169	32,298,437
FUND & LIABILITIES			
Fund account			
Capital fund	10	17,910,670	17,861,205
Unutilized fund	11	976,558	11,990,082
		18,887,228	29,851,287
Non-current liabilities			
Lease liabilities	12	302,484	360,254
Current liabilities			
Lease liabilities	12	301,149	377,520
Unearned income and other payables	13	4,349,764	135,469
Provisions for expenses	14	9,205	885,606
Advance Subscription and other fees	15	1,486,339	688,301
		6,146,457	2,086,896
Total fund & Liabilities		25,336,169	32,298,437

The annexed notes form an integral part of these financial statements


President


Vice President (Finance)

Signed as per our annexed report of even date


Chartered Accountants

Dated: Dhaka
April 22, 2017

Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh
Statement of Comprehensive Income
For the period from January 01, 2016 to June 30, 2016

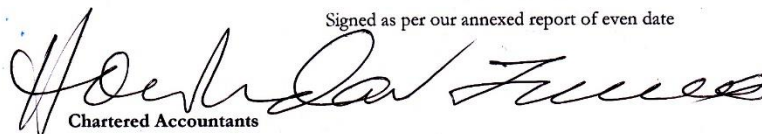
Particulars	Notes	2016 Taka	2015 Taka
Income of LFMEAB			
Income from members	16	1,792,500	2,842,000
Income from certificate	17	710,162	1,244,299
Income from GSP		926,000	1,902,500
Income from KRC subscription		184,000	-
Miscellaneous income	18	5,520,412	5,241,402
Income from FDR		117,495	209,835
		9,250,569	11,440,036
Grants & Contribution from Project Partners	19	22,765,439	49,373,649
Total income		32,016,008	60,813,685
Expenditures of LFMEAB.			
Salary & bonus	20	1,131,950	1,492,337
Office rent	21	417,542	736,836
Training & seminar expenses	22	3,084,180	3,454,077
Utility expenses		29,911	33,935
Printing & stationary		34,467	70,579
Travel and Conveyance	23	130,973	22,267
Repair & maintenance		15,810	11,957
AGM expenses		-	140,280
Subscription expenses	24	25,000	1,069,000
Audit fee		100,000	-
Lease expense		54,620	-
Group insurance		18,375	-
Compliance expense		300,000	-
Miscellaneous expenses	25	541,109	274,183
Depreciation on fixed assets		272,896	569,299
		6,156,833	7,874,750
Expenditure against projects			
Inspired project expenses	26	21,928,973	49,173,684
SEIP project expenses	27	2,984,876	-
Total Project Expenses		24,913,849	49,173,684
Total expenditures		31,070,682	57,048,434
Excess of income over expenditures		945,325	3,765,251

The annexed notes form an integral part of these financial statements


President


Vice President (Finance)

Signed as per our annexed report of even date


Chartered Accountants

Dated: Dhaka
April 22, 2017

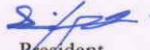
Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh
Statement of Receipts & Payments
For the period ended June 30, 2016

Particulars	Notes	2016 Taka	2015 Taka
Opening balance			
Cash at bank	9.02	17,144,784	332,151
Cash in hand	9.01	49,281	37,091,992
		17,194,065	37,424,143
Receipts			
LFMEAB			
Receipts from members		1,829,000	2,336,732
Receipts from certificate issue		974,700	1,675,600
Receipts from GSP issue		926,000	1,902,500
KRC Subscription		184,000	-
CAD CAM Grading		107,700	-
Miscellaneous receipts		3,289,717	4,760,292
Received against training		237,200	-
Administrative cost received		1,871,360	-
Web site Advertisement		100,000	-
Local contribution		50,606	400,000
Bank interest		8,099	-
Contribution of LFMEAB to SEIP project		183,750	-
Loan receive from ministry		3,452,832	-
		13,214,964	11,075,124
Projects			
Grant receipts from European Union		5,642,318	23,649,999
Total		36,051,347	72,149,266
Payments of LFMEAB			
Salary & bonus		1,131,950	1,492,337
Office rent		417,542	736,836
Subscription expenses		25,000	1,069,000
Training & seminar expenses		3,084,180	3,310,232
Loan to SEIP		690,676	-
CAD CAM Grading		9,460	-
Utility expenses		28,263	28,975
Printing & stationary		34,467	70,579
Travel and Conveyance		130,973	26,227
Repair & maintenance		15,810	11,957
Donation to COEL		300,000	-
Consultancy to SEIP		300,000	-
Group Insurance		18,375	-
Expenses for SEIP		1,280	-
News Paper bill		1,650	-
Gift Items		133,750	-
AGM 2015 expenses		-	140,280
Miscellaneous expenses		-	555,432



Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh
Statement of Receipts & Payments
For the period ended June 30, 2016

Particulars	Notes	2016 Taka	2015 Taka
Lease liabilities		188,760	346,060
Receivables		21,042	-
Investment in FDR		2,000,000	-
Fixed assets		303,660	2,584,500
Other Payments		106,179	1,183,385
		8,943,017	11,555,800
Payments of projects		18,924,030	43,448,682
		18,924,030	43,448,682
Total Payments		27,867,047	55,004,482
Closing Balance			
Cash at bank	9.02	8,014,247	49,281
Cash-in-Hand	9.01	170,053	17,144,784
		8,184,300	17,144,784
Total		36,051,347	72,149,266


 President


 Vice President (Finance)



Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh
Notes to the Financial Statements
for the period ended June 30, 2016

1.00 Background

1.01 Legal form of the Organization

Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB) was established in 2003 as a company limited by guarantee and registered under section 28 of the Companies Act, 1994.

1.02 Objectives of the Organization

LFMEAB is actively promoting vocational training and skill development programs as well as improving working conditions through schemes such as life insurance, health coverage and WPPF.

1.03 About the projects

A. Inspired-1B

Overall objective of the project is to support the development of the value added products (footwear & leather goods) clusters and value chain increasing competitiveness of leather products SME clusters in Bangladesh. The project aims to establish two common facilities (CFCs) at two different MSE clusters in Dhaka City which will be fully equipped with modern machining facilities for producing world class footwear and leather products along with training facilities.

B. Inspired-02

The overall objectives will be strengthening the capacity of leather goods and footwear manufacturers and exporters association of Bangladesh (LFMEAB) to better serve its membership with the help of all associates and stakeholders.

C. SEIP

The overall objective of the project is to qualitatively and quantitatively expand the skilling capacity of identified public and private training providers by establishing and operationalizing a responsive skill eco system and delivery mechanism through a combination of well-defined set of funding triggers and targeted capacity support.

Asian Development Bank (ADB) proposed a Multi-tranche Financing Facility (MFF) Programme in order to take a long-term and comprehensive approach to support skills development in Bangladesh given its potential contribution to higher GDP growth by skilling and up-skilling a large number of working age population on priority sectors. Swiss Agency for Development and Cooperation (SDC) also agreed to co-finance the programme.

2.00 Significant Accounting Policies

2.01 Basis of Accounting

The financial statements have been prepared using accrual basis of accounting on going concern concept except statement of receipts and payments.

2.02 Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of the receipts and payments comprises of cash and bank balance. Cash and bank balance includes donations received through donor grants.

2.03 Grant Income

Bangladesh Accounting Standard (BAS) 20 "Accounting for Government Grants and Disclosure of Government Assistance" has been followed for the recognition of grant income. Exception, SEIP project income recognition as per the Govt contract with LFMEAB.



2.04 Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment is recognized as an asset if, it is probable that the future economic benefits associated with the item will flow to the organization and the cost of item can be measured reliably. Property, Plant and Equipment are stated at cost less accumulated depreciation. Cost represents the cost of acquisition includes purchase price and other directly attributable cost of bringing the assets to working conditions for its intended use. Only the assets of the Head Office is shown as Fixed assets and assets purchase under projects is shown in the comprehensive income as per the project requirement. No depreciation is charged.

2.05 Depreciation

Depreciation is charged on property, plant and equipment using reducing balance method. Depreciation is charged in the following rates:

Property, Plant and Equipment	Rate
Furniture and Fixture	12.50%
Air Conditioner	10.00%
Office Equipment	12.50%
Vehicle	15.00%
Other Assets	12.50%
Telephone & PABX	12.50%
Decoration	10.00%
Flat	2.50%

2.05 Provision for Liabilities

Provision and accrued expenses are recognized in the financial statements when the organization has a present obligation resulting from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.06 Foreign Currency Transactions

LFMEAB maintains its books of account in Bangladeshi Taka. Transactions in foreign currencies are accounted for in Bangladeshi Taka at the rate of exchange ruling on the date of transactions.

2.08 Capital Fund

Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh is registered with the office of the Registrar of the Joint Stock Companies and Firms, Government of the People's Republic of Bangladesh under Section 28 of the Companies Act 1994 as a company limited by guarantee and without capital. LFMEAB receives grants/donation from national and international funding agencies based on agreement signed between them. The capital fund represents excess of income over expenditures.

2.09 Consolidation

LFMEAB Consolidated Accounts has been prepared based on the following principals:

- a) Total project cost has been segregated considering the nature of expenditure and booked under the related head of consolidated accounts.
- b) Mutual debts are shown as Loans and advances during the consolidation
- c) Inter project loan between the mother account and SEIP project amount Tk. 938,245 has eliminate while consolidated. This balance create within this accounting year.
- d) Loan to project only recognized on the books of accounts of LFMEAB head office but not recognized in the books of accounts of SEIP project because there is no specific head as per donor requirement.

2.10 Reporting Period

These financial statements covered six months from January 01, 2016 to June 30, 2016.



2.11 Comparative Information

These financial statements have been prepared for six months but last year's financial statements was prepared for one year. The change of accounting year have been made to comply the requirement of Income Tax Ordinance- 1984 and Finance Act-2016-2017.

2.12 Date of Authorization

The Board of Directors has Authorized these Financial Statements on April 22, 2017.

3.00 General

- i. The figures in the financial statements have been rounded off to the nearest Taka (BDT) whenever necessary.
- ii. Previous year figures have been re-arranged wherever considered necessary to conform to the current year's presentation.



Note	Particulars	2016 Taka	2015 Taka
4.00	Fixed assets		
	Air Condition	297,906	46,025
	Car	1,498,614	1,620,123
	Cookeries & Cutleries	3,786	4,038
	Decoration	262,168	275,966
	Furniture & Fixtures	67,141	45,517
	Telephone & PABX	8,685	9,264
	Office Equipment	125,471	123,836
	Flat	8,550,738	8,658,975
	Written Down Value (WDV)	10,814,508	10,783,743
	For more details refer to Annexure-A.		
5.00	Advance		
	Advance against Expenses	810	638,527
		810	638,527
6.00	Investment in FDR		
	FDR with DBH	1,306,272	1,210,242
	FDR with IDLC	3,185,364	1,094,500
		4,491,636	2,304,742
7.00	Subscription receivables		
	Opening balance	1,226,000	873,000
	Add: Income during the year	1,333,500	2,471,000
		2,559,500	3,344,000
	Less : Received during the year	(836,500)	(2,118,000)
	Less : Adjustment During the year (Written Off)	(712,000)	-
	Closing balance	1,011,000	1,226,000
8.00	Other receivables		
	Receivable from ECOLEBAN	11,125	2,268
	Productivity training -LSBPC receivable	-	-
	Interest receivable from FDR	76,058	149,092
	Group Insurance	12,215	-
	Other	43,842	-
		143,240	151,360
9.00	Cash & Cash Equivalent		
	Cash in hand (Note 9.01)	170,053	49,281
	Cash at bank (Note 9.02)	8,014,247	17,144,784
		8,184,300	17,194,065
9.01	Cash in hand		
	LFMEAB head office	166,460	9,520
	LFMEAB INSPIRED 1B	255	30,077
	LFMEAB INSPIRED 2	2,491	9,684
	SEIP	847	-
		170,053	49,281
9.02	Cash at bank		
	LFMEAB head office	4,054,392	3,634,672
	LFMEAB INSPIRED 1B	1,802,828	13,489,447
	LFMEAB INSPIRED LOT 2	108,456	20,665



Note	Particulars	2016 Taka	2015 Taka
	SEIP	1,789,748	-
	SEIP BKASH	258,823	-
		<u>8,014,247</u>	<u>17,144,784</u>
10.00	Capital fund		
	Opening balance	17,861,205	14,137,059
	Add: Addition during the year	945,325	3,565,286
	Less: Prior Year Adjustments	(183,860)	183,860
	Less: Welfare Fund	-	(25,000)
	Less: prior year adjustment for subscription Receivable written off	(712,000)	-
	Closing balance	<u>17,910,670</u>	<u>17,861,205</u>
11.00	Unutilized fund		
	Opening balance	11,990,082	33,453,164
	Add: Received during the year	5,494,090	23,168,889
	Add: Interest Received During this year	148,228	481,110
	Add: Adjustment During this year	621,544	-
	Fund available for use	<u>18,253,944</u>	<u>57,103,163</u>
	Less: Expenditure made during the year	(17,277,386)	(45,113,081)
	Unutilized fund	<u>976,558</u>	<u>11,990,082</u>
	Unutilized fund balance only includes the balance of inspiron project. No other projects unutilized fund include under this head.		
12.00	Lease liabilities		
	Opening balance	737,774	1,265,180
	Less: Lease payment made during the year	(134,141)	(346,060)
	Less: Prior year error adjustment	-	(181,346)
		<u>603,633</u>	<u>737,774</u>
12.01	Nature wise Breakup of Lease liabilities		
	Non-current liabilities	302,484	360,254
	Current liabilities	301,149	377,520
		<u>603,633</u>	<u>737,774</u>
13.00	Unearned Income and other payable		
	LFMEAB		
	VAT and Withholding Tax	-	75,469
	Vehicle Rent	-	-
	Audit Fees	100,000	-
	Payable to BLMEA	60,000	60,000
		<u>160,000</u>	<u>135,469</u>
	Project		
	Advance against SEIP project	3,452,832	-
	Payable to COEL	309,120	-
	Rent Payable	108,945	-
	Other Payable	68,529	-
	Stipend Payable	97,500	-
	Transportation Payable	99,787	-
	VAT & Tax payable	53,051	-
		<u>4,189,764</u>	<u>-</u>
		<u>4,349,764</u>	<u>135,469</u>



Note	Particulars	2016 Taka	2015 Taka
	Advance against SEIP Project represents 3.83% of the total grant to be received. LFMEAB has spent Taka 2,147,635 for training required as per contract. Reimbursement of the above expenditures shall be claimed on achievement of the milestone fixed by SEIP.		
14.00	Provisions for Expenses		
	Opening balance	-	40,737
	Telephone & Fax	9,205	9,275
	Other Service, Utility & Maintenance	-	77,857
	Audit fees	-	46,956
	Vehicle Rent	-	138,858
	Other Expenditure	-	571,923
		9,205	885,606
15.00	Advance Subscription and other fees		
	Annual Subscription	790,500	109,000
	Admission Fee	-	148,000
	Bond License Renewal	496,438	184,452
	New Bond License Fee	199,401	246,849
		1,486,339	688,301
16.00	Income from Members		
	Admission Fee	350,000	420,000
	Annual Subscription	1,442,500	2,422,000
		1,792,500	2,842,000
17.00	Income from Certificate		
	Capital Machinery Certificate	10,000	202,000
	TT Certificate	70,300	103,000
	Indemnity Bond Release fee	78,000	198,000
	Export Certificate	291,400	422,600
	Bond License Renewal fee	97,448	165,548
	New Bond License fee	163,014	153,151
		710,162	1,244,299
18.00	Miscellaneous income		
	Receipt from BEGP and LSBPC	3,205,513	3,322,506
	Admin cost from Inspired Projects	1,871,360	1,341,786
	Income from Training Activity	162,000	-
	Web Advertisement	100,000	-
	CAD-CAM Training	173,440	48,000
	Receive from Participant-(CBT)	-	48,000
	Bank Interest	8,099	481,110
	Total	5,520,412	5,241,402
19.00	Grants & Contribution from Project Partners		
	INSPIRED Projects (EU)	17,263,833	45,113,081
	Bangladesh Paduka Prostutkarok Somity (BPPS)	2,481,064	2,092,136
	LTSE Cooperative Society	2,184,076	2,168,432
	Total for INSPIRED Project	21,928,973	49,373,649
	LFMEAB Contribution ot SEIP Project	836,466	-
		22,765,439	49,373,649




Note	Particulars	2016 Taka	2015 Taka
20.00	Salary & Bonus		
	Salary	791,270	977,377
	Bonus	340,680	514,960
		<u>1,131,950</u>	<u>1,492,337</u>
21.00	Office Rent		
	Office Rent	363,080	675,996
	VAT for Office Rent	54,462	60,840
		<u>417,542</u>	<u>736,836</u>
22.00	Training & seminar expense		
	BEGP Expenses	2,396,723	3,169,816
	LSBPC Expense	687,457	284,261
		<u>3,084,180</u>	<u>3,454,077</u>
23.00	Travel and Conveyance		
	Local Transportation	20,000	22,267
	Conveyance	11,838	-
	Rent of Vehicle	53,618	-
	Fuel & Maintenance for Pool Car	45,517	-
		<u>130,973</u>	<u>22,267</u>
24.00	Subscription Expenses		
	Annual Subscription FBCCI	25,000	25,000
	Annual Subscriptions to EAB	-	200,000
	Annual Subscriptions to LSBPC	-	750,000
	General Body Registration FBCCI	-	12,500
	Annual Subscriptions to CIFA	-	81,500
		<u>25,000</u>	<u>1,069,000</u>
25.00	Miscellaneous Expenses		
	Bank Charge	2,345	61,078
	Entertainment	75,054	138,887
	Other expense	27,700	74,218
	Postage & Courier	980	-
	Consultancy for SEIP project	300,000	-
	Expense for SEIP project	1,280	-
	Gift Items	133,750	-
		<u>541,109</u>	<u>274,183</u>
26.00	Inspired project expenses		
	Human resources	8,779,031	10,372,871
	Travel	287,927	782,684
	Equipment and supplies	5,797,718	28,523,569
	Local office	1,624,806	3,243,263
	Other costs, services	1,791,367	635,335
	Other	1,378,860	3,744,044
	Administrative cost	2,269,264	1,871,918
		<u>21,928,973</u>	<u>49,173,684</u>
26.01	Human Resources		
	Salaries	8,359,504	9,900,345
	Per Diems for Missions/travel	419,527	472,526
		<u>8,779,031</u>	<u>10,372,871</u>




Note	Particulars	2016 Taka	2015 Taka
26.02	Travel		
	International Travel	246,667	717,028
	Local Transportation	41,260	65,656
		<u>287,927</u>	<u>782,684</u>
26.03	Equipment and Supplies		
	Purchase Or Rent of Vehicles	399,604	1,018,445
	Furniture, Computer Equipment Machines, Tools	1,420,662	565,433
		3,592,152	26,827,091
	Spare Parts/equipment for Machines, Tools	169,920	-
	Other (Please Specify)	215,380	112,600
		<u>5,797,718</u>	<u>28,523,569</u>
26.04	Local Office		
	Office Rent	1,067,827	2,386,680
	Other Services (Tel/fax, Electricity/heating, Maintenance)	556,979	856,583
		<u>1,624,806</u>	<u>3,243,263</u>
26.05	Other Costs, Services		
	Publications	200,000	-
	Studies, Research	438,250	9,456
	Costs of Conferences/seminars	361,343	166,679
	Visibility Actions	785,252	399,200
	Expenditure Verification	6,522	60,000
		<u>1,791,367</u>	<u>635,335</u>
26.06	Other		
	Research Material (Trade Journal, Book, Subscription, Magazine, Folder)	6,617	282,578
	ToT for CFC Trainers	-	176,121
	Advertisement Cost	140,344	-
	Members Survey and workshop	198,610	-
	Modules Design, Editing and Development	-	304,826
	Local Trade Fair (Stall Rent, Interior, Promotion)	1,033,289	2,601,194
	International Trade Fair (Stall Rent)	-	329,000
	Other	-	50,325
		<u>1,378,860</u>	<u>3,744,044</u>
26.07	Administrative Cost		
	Fuel & Car Maintenance	-	128,536
	Office Maintenance	-	56,740
	Contingency	13,197	-
	Cleaner Allowance	-	12,750
	Miscellaneous	-	5,087
	Printing & Stationary	-	123,800
	Repair & Maintenance	-	40,111
	Other Cost	80	1,504,894
	Administrative Cost	2,255,987	-
		<u>2,269,264</u>	<u>1,871,918</u>



Note	Particulars	2016 Taka	2015 Taka
27.00	SEIP Project		
	Direct cost (Note 31.01)	1,014,364	-
	Indirect Cost (Note 31.02)	1,970,512	-
		<u>2,984,876</u>	<u>-</u>
27.01	Direct cost		
	Trainer Salary	160,666	-
	Lead Trainer & Resource Person	53,334	-
	Training materials	309,120	-
	Enrollment Advertisement	95,306	-
	Stipends/ Training Allowances	390,000	-
	Communications/ Venue	5,938	-
		<u>1,014,364</u>	<u>-</u>
27.02	Indirect Cost		
	Non academic salaries	319,500	-
	Operation & Maintenance	2,876	-
	Rental Costs	184,950	-
	Utilities	884	-
	Office Equipment	1,247,222	-
	Other Costs	215,080	-
		<u>1,970,512</u>	<u>-</u>


President


Vice President (Finance)



Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh
Schedule of Fixed Assets
As on June 30, 2016

Annexure-A

SI No.	PARTICULARS	COST			DEPRECIATION						WRITTEN DOWN VALUE	
		Balance as on 01.01.2016	During the year		Balance as on 30.06.2016	WDV as on 01.01.2016	Rate (%)	Balance as on 01.01.2016	During the year		Balance as on 30.06.2016	Balance as on 30.06.2016
			Addition	Adjustment /disposal					Charged	Adjustment/ disposal		
1	Air Condition	132,000	267,560	-	399,560	313,585	10.00%	85,975	15,679	-	101,654	297,906
2	Car	2,424,200	-	-	2,424,200	1,620,123	15.00%	804,077	121,509	-	925,586	1,498,614
3	Cookeries & Cutleries	11,653	-	-	11,653	4,038	12.50%	7,615	252	-	7,867	3,786
4	Decoration	657,739	-	-	657,739	275,966	10.00%	381,773	13,798	-	395,571	262,168
5	Furniture & Fixtures	174,100	26,100	-	200,200	71,617	12.50%	128,583	4,476	-	133,059	67,141
6	Telephone & PABX	30,109	-	-	30,109	9,264	12.50%	20,845	579	-	21,424	8,685
7	Office Equipment	238,720	10,000	-	248,720	133,836	12.50%	114,884	8,365	-	123,249	125,471
8	Flat	8,881,000	-	-	8,881,000	8,658,975	2.50%	222,025	108,237	-	330,262	8,550,738
	Total	12,549,521	303,660.00	-	12,853,181	2,428,429	-	1,765,777	272,896	-	2,038,673	10,814,508



List of Members

For detail list of members of Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB), please visit the following link:

<http://lfmeab.org/member-area/member-list>

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