Financial Statements 2023

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Independent Auditor's Report

To the Shareholders of Grameenphone Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Grameenphone Ltd. (the Company), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to note # 45 (a) to the financial statements, wherein the management has explained the status of demand notice, which was received from the Bangladesh Telecommunication Regulatory Commission (BTRC) in relation to the information system audit conducted by BTRC. Based on the audit on Grameenphone from 1997 (inception) to 2014, BTRC sent a demand notice dated 02 April 2019 for payment of BDT 125.80 billion (including BDT 40.86 billion related to NBR). As stated in the same note, Grameenphone filed a Title Suit before the learned District Court against the BTRC Demand. The Court has fixed the next date on 29 September 2024. Meantime on 17 October 2019, in an Appeal filed by Grameenphone, the Hon'ble High Court Division (HCD) passed an interim order of injunction restraining BTRC from taking any steps based on, or pursuant to, or for the realisation of or enforcement of the Audit Demand dated 02 April 2019 and also stayed the suspension of NOCs by BTRC. Challenging the said interim order of stay and injunction, BTRC moved to the Hon'ble Appellate Division (AD), and on 24 November 2019, the Hon'ble AD pronounced its Order that the interim order of stay and injunction dated 17 October 2019 passed by the Hon'ble HCD is maintained subject to the condition that Grameenphone shall pay BDT 20 billion to BTRC within a period of three months. In a Review Petition filed by Grameenphone, the Hon'ble AD directed Grameenphone to deposit BDT 10 billion by 24 February 2020 and again directed to deposit another BDT 10 billion by 31 May 2020. Accordingly, Grameenphone deposited BDT 20 billion in total which is included in 'Other non-current assets' as disclosed in note # 9 to the financial statements. The hearings of Review Petition and Appeal have not taken place yet at Hon'ble AD and HCD respectively which will take place as per accommodation of the courts. BTRC Audit Demand includes, inter alia, deductibility of VAT from BTRC payments and spectrum assignment fee regarding which a separate litigation was pending before the Hon'ble AD. On 10 January 2023, the Hon'ble AD pronounced verbal judgement in that litigation and published written judgement on 01 June 2023 based on which Grameenphone has paid the entire principal amount to BTRC on 14 June 2023 (which includes BDT 3.92 billion as part of BTRC Audit Demand). Grameenphone is currently engaged in a without prejudice reconciliation exercise with BTRC. Detailed disclosures about the demand notice and court cases thereto have been given in note # 45(a) to the audited financial statements for the year ended 31 December 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Risk	Our Response to the Risk
1. Regulatory matters	
Referring to note # 45 to the financial statements, the Company is subject to a number of significant claims and litigations. The amounts of claims are significant and estimates of provisions or contingent liabilities are subject to significant management judgment. These claims and litigations matters were a key audit matter due to the amounts involved, potential consequences, and the inherent difficulty in assessing the outcome. The assessment of whether a liability should be recognised involves prudent judgment from management.	We understood the process of identifying claims, litigations, and contingent liabilities and identified key controls in the process. For selected controls, we have performed tests of controls. Moreover, we have gained an understanding of management's decision process to disclose contingent matters in the financial statements. Our procedures also included, among others: • Discussed material legal cases with the Company's Legal Department; • Analysed responses received from the Legal Department / external Legal Counsel of the Company; • Reviewed and analysed management's detailed assessment of the probability of outcome substantiated by those legal opinions; • Read the minutes of meetings of the Board of Directors and the Board Audit Committee; • Analysed the disputes/ cases settled during the year and assessed the reasonableness of provision kept against the amounts settled. • Ascertained the steps taken by the Company so that any disputes/ cases are resolved at the earliest, thus minimising the risk of such disputes turning into claims/cases. • Analysed contingent liabilities and changes in provisions for claims and litigations; • Assessed the circumstances which contributed to the significant uncertainties in management estimate of provisions together with the impact of the outcome of each matter; and • Assessed disclosures in the financial statements of material contingencies nature and their measurement.
See note # 45 to the financial statements.	
2. Revenue recognition	
Referring to note # 26 to the financial statements, Revenue of BDT 158.72 billion is recognised in the statement of profit or loss and other comprehensive income of Grameenphone Ltd. This material item is subject to considerable inherent risk due to the complexity of the systems necessary for properly recording and identifying revenue and the impact of ever-changing business, price and tariff models (including tariff structures, customer loyalty rewards, and bundled subscription-based products). Against this background, the proper application of the accounting standards is considered to be complex and to a certain extent based on estimates and assumptions made by management.	Because the high degree of complexity and estimates and assumptions give rise to an increased risk of accounting misstatements, we assessed the Company's processes and controls for recognising revenue as part of our audit. Our audit approach included testing of the controls and substantive audit procedures as below: • Assessed the relevant systems supporting the accounting of revenue; • Tested sample controls relating to the recognition of revenue; • Assessed the invoicing and measurement systems up to entries in the general ledger on a sample basis; • Analysed and tested customer contracts, invoices and receipts on a sample basis;

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Risk	Our Response to the Risk
	• Conducted analytical procedures such as trend analysis, ratio analysis, and variance analysis on a sample basis; and • Analysed the revenue charging model against the regulatory guidelines on a sample basis. • We read and analysed the disclosures made in the financial statements.
See note # 26 to the financial statements.	
3. Uncertain tax positions	
Referring to note # 45 (b) of the financial statements, the Company is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business that could eventually require payments of taxes and possible additional charges. The assessment of uncertainty and risk of one or more unfavourable outcomes involves prudent judgment from management. These uncertain tax positions were a key audit matter because of the amounts involved and because of the uncertainty in estimating the final outcome of these matters. The Company records provisions for uncertain liabilities, including tax contingencies, when it is more likely than not that a liability has been incurred, and the amount can be reliably estimated.	We took into consideration the complexity of accounting and tax issues, internal controls, and gained an understanding over the entity's accounting for taxes and management's process for assessing the effectiveness of internal controls over the significant income tax accounts and the related financial statement disclosures. Our procedures also included: • Obtained a listing of all ongoing tax litigations, each above BDT 200 million; • Discussed with the management regarding tax matters, tax jurisdictions, and tax communications; • Identified and tested relevant controls over tax accounts and financial statement disclosures; • Obtained, read and analysed opinions by the Company from the tax consultants and external counsels of the Company as shared by the management; • Verified account reconciliations and traced demand amounts, amounts paid under protest and considered recoverable and amounts charged off on a sample basis to the underlying supporting demand notices, invoices, bank payments and trial balance; • Analysed the technical merits of each demand based on applicable tax provisions and considered settled tax positions in determining estimate of tax contingency made by the management and • Obtained and read the disclosures made in the accompanying financial statements.
See note # 35 to the financial statements.	
4. IT systems and controls	
The Company's key financial accounting and reporting processes are significantly dependent on the automated controls over the Company's information systems. As such, there are risks of gaps in the IT control environment, including automated accounting procedures. IT-dependent manual controls and controls preventing unauthorised access and unauthorised changes to systems and data could result in the financial accounting and reporting records being materially misstated. The IT systems and controls, as they impact the financial recording and reporting of transactions, is a key audit matter.	We performed audit procedures to assess IT systems and controls over financial reporting, which included the following: • Tested sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access, system change management and computer operations; • Assessed the management's evaluation of access rights granted to applicants relevant to financial accounting and reporting systems, and tested resolution of a sample of exceptions and some IT General Controls as per ICFR guidelines;

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Risk	Our Response to the Risk
	• Assessed the operating effectiveness of controls over granting, removal and appropriateness of access rights; and • Tested sample of specific application controls for key financial reporting controls. • In addition, we also reviewed IT Governance of the Company on a sample basis.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The draft Annual Report is expected to be made available to us after the date of this auditor's report but before finalisation of the Annual Report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the annual report before finalisation, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance of the Company so that the matter is duly addressed in the annual report.

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 in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 2020 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, 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 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.

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- 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 2020, we also report the following:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;

c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and

d) The expenditure incurred was for the purposes of the Company's business.

ACNABIN, Chartered Accountants
FRC Registration # CAF-001-012

Dated, Dhaka

05 February 2024

Abu Sayed Mohammed Nayeem, FCA
Partner
ICAB Enrolment # 0353
DVC: 2402050353AS766692

Grameenphone Ltd.
Statement of financial position

As at 31 December 2023

	Notes	2023 BDT (000)	2022 BDT (000)
Assets			
Non-current assets			
Property, plant and equipment	4	67,019,995	62,849,119
Intangible assets	5	4,396,001	4,023,092
Right-of-use assets	6	76,086,723	80,501,010
Contract cost	8	7,141,432	5,148,908
Other non-current assets	9	20,471,568	20,471,567
Total non-current assets		**175,115,719**	**172,993,696**
Current assets			
Inventories	10	591,449	1,088,393
Trade receivables and others	11	7,994,702	7,679,405
Cash and cash equivalents	12	16,718,338	3,325,922
Total current assets		**25,304,489**	**12,093,720**
Total assets		**200,420,208**	**185,087,416**
Equity and liabilities			
Shareholders' equity			
Share capital	14	13,503,000	13,503,000
Share premium	15	7,840,226	7,840,226
Capital reserve	16	14,446	14,446
Retained earnings		45,331,868	24,853,086
Total equity		**66,689,540**	**46,210,758**
Non-current liabilities			
Lease liabilities	6	40,212,825	41,046,666
Deferred tax liabilities	17	479,369	3,060,593
Employee benefits	18	384,470	1,340,324
Other non-current liabilities	19	456,235	496,323
Total non-current liabilities		**41,532,899**	**45,943,906**
Current liabilities			
Trade payables and others	20	29,619,417	27,275,330
Provisions	21	23,946,716	23,612,398
Lease liabilities	6	10,006,247	10,852,496
Loans and borrowings	22	3,119,599	5,037,394
Current tax liabilities	23	19,459,679	23,779,920
Other current liabilities	24	5,968,502	2,316,342
Unclaimed dividend	25	77,609	58,872
Total current liabilities		**92,197,769**	**92,932,752**
Total equity and liabilities		**200,420,208**	**185,087,416**

The annexed notes 1 to 46 form an integral part of these financial statements.

Director

Director

Chief Executive Officer

Company Secretary

Dated: Dhaka, 05 February 2024

ACNABIN, Chartered Accountants
FRC Registration # CAF-001-012

Abu Sayed Mohammed Nayeem, FCA
Partner
ICAB Enrolment # 0353
DVC: 2402050353AS766692

Grameenphone Ltd.
Statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

	Notes	2023 BDT (000)	2022 BDT (000)
Revenue	**26**	**158,715,818**	**150,403,469**
Cost of material and traffic charges	27	(9,961,041)	(10,088,492)
Salaries and personnel cost	28	(8,494,009)	(9,235,728)
Operation and maintenance	29	(6,272,385)	(4,252,580)
Sales, marketing and commissions	30	(15,428,172)	(15,278,933)
Revenue sharing and spectrum charges	31	(12,009,842)	(12,583,383)
Other operating (expenses)/income	32	(9,799,694)	(7,466,582)
Depreciation and amortisation	33	(32,321,703)	(27,899,584)
		(94,286,846)	(86,805,282)
Operating profit		**64,428,972**	**63,598,187**
Finance (expense)/income	34	(9,383,833)	(10,177,407)
Foreign exchange (loss)/gain		(721,266)	(1,430,677)
		(10,105,099)	(11,608,084)
Profit before tax		**54,323,873**	**51,990,103**
Income tax expense	35	(21,249,000)	(21,898,505)
Profit after tax		**33,074,873**	**30,091,598**
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan	18	386,265	(3,164)
Related taxes		(154,506)	1,266
		231,759	(1,898)
Total comprehensive income for the year		**33,306,632**	**30,089,700**
Earnings per share			
Basic earnings per share (per value BDT 10 each in BDT)	36	24.49	22.29

The annexed notes 1 to 46 form an integral part of these financial statements.

Director

Director

Chief Executive Officer

Company Secretary

ACNABIN, Chartered Accountants
FRC Registration # CAF-001-012

Abu Sayed Mohammed Nayeem, FCA
Partner
ICAB Enrolment # 0353
DVC: 2402050353AS766692

Dated: Dhaka, 05 February 2024

Grameenphone Ltd.
Statement of changes in equity

For the year ended 31 December 2023

	Share capital	Share premium	Capital reserve	Retained earnings	Total
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Balance as at 01 January 2022	**13,503,000**	**7,840,226**	**14,446**	**28,520,886**	**49,878,558**
Transactions with the equity holders:					
Final dividend for 2021	-	-	-	(16,878,750)	(16,878,750)
Interim dividend for 2022	-	-	-	(16,878,750)	(16,878,750)
Total comprehensive income for the year					
Profit for the year	-	-	-	30,091,598	30,091,598
Other comprehensive income/(loss)	-	-	-	(1,898)	(1,898)
Balance as at 31 December 2022	**13,503,000**	**7,840,226**	**14,446**	**24,853,086**	**46,210,758**
Balance as at 01 January 2023	**13,503,000**	**7,840,226**	**14,446**	**24,853,086**	**46,210,758**
Transactions with the equity holders:					
Final dividend for 2022	-	-	-	(12,827,850)	(12,827,850)
Interim dividend for 2023	-	-	-	-	-
Total comprehensive income for the year					
Profit for the year	-	-	-	33,074,873	33,074,873
Other comprehensive income/(loss)	-	-	-	231,759	231,759
Balance as at 31 December 2023	**13,503,000**	**7,840,226**	**14,446**	**45,331,868**	**66,689,540**

Grameenphone Ltd.
Statement of cash flows

For the year ended 31 December 2023

	2023 BDT (000)	2022 BDT (000)
Cash flows from operating activities		
Cash receipts from customers	159,409,773	148,708,931
Payroll and other payments to employees	(9,152,891)	(10,266,672)
Payments to suppliers, contractors and others	(57,035,890)	(47,937,814)
Interest received	352,911	156,852
Interest paid	(4,668,117)	(2,762,520)
Income tax paid	(28,304,971)	(24,086,083)
	(98,808,958)	(84,896,237)
Net cash generated from operating activities	**60,600,815**	**63,812,694**
Cash flows from investing activities		
Payment for acquisition of property, plant and equipment, Right-of-use and intangible assets	(23,860,594)	(21,786,189)
Proceeds from sale of property, plant and equipment	263,706	214,929
Net cash used in investing activities	**(23,596,888)**	**(21,571,260)**
Cash flows from financing activities		
Payment of short-term bank loan	(2,321,927)	(462,606)
Payment of dividend	(9,093,155)	(33,584,032)
Transfer of unclaimed dividend to Capital Market Stabilisation Fund	(13,787)	(15,478)
Payment of lease liabilities	(12,376,119)	(7,920,920)
Net cash used in financing activities	**(23,804,988)**	**(41,983,036)**
Net change in cash and cash equivalents	**13,198,939**	**258,398**
Cash and cash equivalents as at 01 January	**3,325,922**	**2,748,661**
Effect of exchange rate fluctuations on cash held	**193,477**	**318,863**
Cash and cash equivalents as at 31 December (Note 12)	**16,718,338**	**3,325,922**

Grameenphone Ltd.
Notes to the financial statements

For the year ended 31 December 2023

1. Corporate information

Grameenphone Ltd. (hereinafter referred to as "Grameenphone"/"GP"/"the Company") is a public limited Company incorporated in Bangladesh in 1996 under the Companies Act 1994 and has its registered address at GPHOUSE, Bashundhara, Baridhara, Dhaka 1229. Grameenphone was initially registered as a private limited Company and subsequently converted into a public limited Company on 25 June 2007. During November 2009, Grameenphone listed its shares with both Dhaka and Chittagong Stock Exchanges. The immediate parent of Grameenphone is Telenor Mobile Communications AS and the ultimate parent is Telenor ASA; both the companies are incorporated in Norway.

The Company is primarily involved in providing mobile telecommunication services (voice, data and other related services), along with digital services in Bangladesh. The Company also provides international roaming services through international roaming agreements with various operators of different countries across the world.

2. Basis of preparation

These financial statements are individual financial statements of Grameenphone, and have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 2020, relevant guidelines issued by the Bangladesh Securities and Exchange Commission, Financial Reporting Act, 2015 and other applicable laws in Bangladesh. These individual financial statements present the financial position and performance of Grameenphone and its investment in Accenture Communications Infrastructure Solutions Ltd. (ACISL) being accounted for under the equity method in accordance with IAS 28 Investment in Associates and Joint Ventures.

In accordance with the requirements of IAS 36 Impairment of Assets, the carrying amount of investment in ACISL as at 31 October 2016 had been fully impaired and no further share of loss has been recognised in line with paragraph 39 of IAS 28 Investment in Associates and Joint Ventures. The assessment of recoverable amount from investment in associate remained unchanged as at 31 December 2023. Hence, for understanding of Grameenphone's stand-alone financial performance, a separate statement of profit or loss and other comprehensive income is not necessary.

These financial statements have been prepared on going concern basis. Unless otherwise specifically mentioned, historical cost principle has been followed for the purpose of these financial statements.

Authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on 05 February 2024.

2.1 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). These financial statements are presented in Bangladesh Taka ("BDT") which is also the functional currency of the Company. The amounts in these financial statements have been rounded off to the nearest BDT in thousand (BDT'000) except otherwise indicated. As a result of these rounding off, in some instances the totals may not match the sum of individual balances.

2.2 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

1. The Company has recognised Right-of-use assets as per IFRS 16 which required management to make important judgements in determination of lease terms. For details, please see Note 3.7 to these financial statements.

2. The Company has significant influence over Accenture Communications Infrastructure Solutions Ltd. (ACISL).

Estimates and assumptions

Key estimates and assumptions used in preparation of these financial statements are:

1. Applicable tax rate for Income Year 2023 will be declared by Finance Act 2024. For the purpose of these financial statements, management has assumed that the existing corporate tax rate (40%) will be applicable for Income Year 2023 as well.

2. Appropriate financial and demographic assumptions have been used in consultation with a certified actuary to measure defined benefit obligation as at 31 December 2023.

3. Key assumptions about the likelihood and magnitude of outflow of resources have been used to recognise and measure provisions and contingencies.

4. Recoverable amount of Investment in Associate.

5 Significant uncertainty exists on the validity and outcome of the dispute with regard to the demand arisen out of BTRC Audit. Note 45 (a) discusses the issue in details.

3. Significant accounting policies

Accounting policies set out below have been applied consistently to all years presented in these financial statements. Comparative information has been rearranged wherever considered necessary to conform to the current year's presentation.

3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

i) expected to be realised or intended to be sold or consumed in normal operating cycle, or

ii) expected to be realised within twelve months after the reporting period, or

iii) held primarily for the purpose of trading, or

iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

i) expected to be settled in normal operating cycle, or

ii) due to be settled within twelve months after the reporting period, or

iii) held primarily for the purpose of trading, or

iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.2 Offsetting

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

Cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity and cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short, are presented net in the statement of cash flows.

3.3 Cash dividend to the equity holders

The Company recognises a liability to pay cash dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in Bangladesh, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments.

3.5 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. Cost also includes initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located and capitalised borrowing costs. The obligations for costs of dismantling and removing the item and restoring the site (generally called 'asset retirement obligation') are recognised and measured in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When major parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) Subsequent costs

The cost of replacing or upgradation 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 item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(c) Depreciation

No depreciation is charged on land and capital work in progress (CWIP) as the land has unlimited useful life and CWIP has not yet been placed in service.

Depreciation on other items of property, plant and equipment is recognised on a straight-line basis over the estimated useful life of each item of property, plant and equipment. The range of estimated useful lives shown below depends on sub-category of the assets under the broad category. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation method, useful lives and residual values are reviewed at each year-end and adjusted if appropriate. The estimated useful lives of the items of property, plant and equipment for the current and comparative periods are as follows:

	2023 Years	2022 Years
Own assets:		
Building	10 -50	10 -50
Base station - equipment	3-10	3-10
Base station - tower, fibre optic network and related assets	7- 30	7- 30
Transmission equipment	5-10	5-10
Computers and other IT equipment	3-4	3-4
Furniture and fixtures (including office equipment)	3-5	3-5
Vehicles	4	4

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

(e) Capital work in progress

Capital work in progress consists of unfinished work at sites and capital inventory. Spare parts expected to be used for more than one year are treated as capital work in progress. In case of import of components, capital work in progress is recognised when risks and rewards associated with such assets are transferred to the Company.

(f) Capitalisation of borrowing costs

As per the requirements of IAS 23 Borrowing Costs, directly attributable borrowing costs are capitalised during construction period for all qualifying assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.6 Intangible assets

(a) Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Intangible assets are recognised when all the conditions for recognition as per IAS 38 Intangible Assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit or loss as incurred.

Development activities involve a plan or design for the production of new and substantially improved products and processes. Development expenditures, on an individual project, are recognised as an intangible asset when the Company can demonstrate all of the following:

a. the technical feasibility of completing the intangible asset so that it will be available for use or sale;

b. its intention to complete the intangible asset and use or sell it;

c. its ability to use or sell the intangible asset;

d. how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditures are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is placed in service. It is amortised over the period of expected future economic benefits. During the period of development, the asset is tested for impairment annually.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

(b) Subsequent costs

Subsequent costs are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognised in profit or loss as incurred.

(c) Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

	2023 Years	2022 Years
Software and others:		
Pulse Code Modulation (PCM)	5	5
Billing software	5	5
Other operational software	3-7	3-7
Network management software	7	7

Amortisation methods, useful lives and residual values are reviewed at each year-end and adjusted, if appropriate.

(d) Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in profit or loss.

3.7 Leases

At inception of a contract, Grameenphone assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Grameenphone assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- Grameenphone has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- Grameenphone has the right to direct the use of the asset. Grameenphone has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, Grameenphone has the right to direct the use of the asset if either:

(i) Grameenphone has the right to operate the asset; or

(ii) Grameenphone designed the asset in a way that predetermines how and for what purpose it will be used.

The policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on the reassessment of a contract that contains a lease component, Grameenphone allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. As a practical expedient, fixed non-lease components embedded in the lease contract are not separated and recognised as part of lease liabilities and right-of-use assets.

Telecom licence and spectrum

Grameenphone has chosen to apply IFRS 16 on telecom licence and spectrum which was earlier accounted for under IAS 38 Intangible Assets.

Grameenphone as a lessee

Grameenphone recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight line methods from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The estimated useful lives of the items of the right of use asset for the current and comparative periods are as follows:

	2023 Years	2022 Years
Right-of-use assets:		
Fibre Optic Network (FON)	Upto 30	Upto 30
Spectrum-2008	18	18
Telecom licence and spectrum -2011	15	15
3G licence and spectrum	15	15
4G licence and spectrum	15	15

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Grameenphone's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate as the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that Grameenphone is reasonably certain to exercise, lease payments in an optional renewal period if Grameenphone is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Grameenphone is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Grameenphone's estimate of the amount expected to be payable under a residual value guarantee, or if Grameenphone changes its assessment of whether it will exercise purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right to use asset, or is recorded in profit or loss if the carrying amount of the right to use asset has been reduced to zero.

Grameenphone presents right of use assets and lease liabilities as separate captions in the statement of financial position.

Short-term leases and leases of low-value assets

Grameenphone has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets for which the underlying asset is of BDT 400,000 or less. Grameenphone recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

Grameenphone determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Grameenphone applies judgement in evaluating whether it is reasonably certain to exercise an option not to terminate the lease and an option to renew a lease contract. Grameenphone considers all relevant factors before exercising any option. After the commencement date, Grameenphone reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the options (e.g. a change in business strategy).

Grameenphone considered the lease term for active leases at the date of initial application as maximum of 5 years or remaining non-cancellable period from 1 January 2019 by considering changes in technology, development in regulatory environment etc. Leases which would expire before 5 years from 1 January 2019, the lease term had been considered up to the expiry of lease. Leases which commenced on or after 1 January 2019, the lease term would be limited to either their non-cancellable period or 31 December 2023 whichever was later.

In 2020, due to the occurrence of significant event, Grameenphone reassessed its lease term as on 31 December 2020. As an outcome of this reassessment, lease term has been extended for 2 more years.

Consequently, remaining lease term for active leases as on 31 December 2020 will be as maximum of 5 years or remaining non-cancellable period from the same date. Leases which will expire before 5 years from 31 December 2020, the remaining lease term has been considered up to the expiry of lease.

Leases which commence on or after 31 December 2020, the lease term will be limited to either their non-cancellable period or 31 December 2025 whichever was later.

Grameenphone as a lessor

When Grameenphone acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, Grameenphone makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, Grameenphone considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, Grameenphone applies IFRS 15 to allocate the consideration in the contract.

Grameenphone recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

Sub lease

When Grameenphone is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which Grameenphone applies the exemption described in "Short-term leases and leases of low-value assets", then it classifies the sub-lease as an operating lease.

Grameenphone as an intermediate lessor accounts for the sublease as follows:

(i) if the sublease is classified as an operating lease, Grameenphone continues to account for the lease liability and right-of-use asset on the head lease like any other lease; or

(ii) if the sublease is classified as a finance lease, Grameenphone derecognises the right-of-use asset on the head lease at the sublease commencement date and continues to account for the original lease liability in accordance with the lessee accounting model. Grameenphone, as the sublessor, recognises a net investment in the sublease.

3.8 Investment in associate

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

Share of profit/loss of associate is not recognised in Grameenphone's individual financial statements until it is realised through dividend. Dividend income is recognised when Grameenphone's right to receive payment is established.

3.9 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.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on Grameenphone's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or Fair Value Through Profit or Loss (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. 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.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Trade receivables are classified as Financial assets measured at amortised cost.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities. Grameenphone measures loss allowances at an amount equal to ECL from trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, Grameenphone considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Grameenphone's historical experience and informed credit assessment and including forward-looking information.

Grameenphone considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by Grameenphone to actions such as realising security (if any is held).

Measurement of Expected Credit Losses (ECL)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Grameenphone uses Lifetime Expected Credit Loss method for Trade receivables.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Impairment losses related to trade receivables and others, including contract assets, are presented separately in the notes to the financial statement.

3.10 Inventories

Inventories consisting of scratch cards, SIM cards, mobile handsets, data cards and other devices are valued at lower of cost and net realisable value. Cost of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using the weighted average cost formula. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying amount of inventories to the lower of cost and net realisable value. Net realisable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.11 Employee benefits

The Company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective trust deeds and rules. Both of the plans are funded and are recognised/approved under Income Tax Ordinance 1984.

(a) Defined contribution plan (provident fund)

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contribution to defined contribution plans are recognised as an employee benefit expense in profit or loss in the period during which related services are rendered by employees. Advance contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which employees render the services are discounted to the present value.

Grameenphone has a separate recognised provident fund scheme. All permanent employees of Grameenphone contribute 10% of their basic salary to the provident fund and the Company makes matching contributions.

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered related services in exchange for such contribution. The legal and constructive obligation is limited to the amount Grameenphone agrees to contribute to the fund.

(b) Defined benefit plan (gratuity fund)

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The employee gratuity plan is considered as defined benefit plan as it meets the recognition criteria. The Company's obligation is to provide the agreed benefits to current and former employees.

The net defined benefit liability (asset) in respect of a defined benefit plan is recognised in the statement of financial position. The net defined benefit liability (asset) is made up of:

i) the present value of defined benefit obligation; less

ii) the fair value of plan assets; adjusted for

iii) any effect of limiting a net defined benefit asset to the asset ceiling.

Present value of defined benefit obligation is determined by professional actuary. Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service cost by using mutually compatible actuarial assumptions about demographic and financial variables.

Current service cost, past service cost and gain/loss on settlement and net interest on the net defined benefit liability (asset) are recognised in profit or loss. Service cost and gain/loss on settlement are classified as personnel expense and net interest on the net defined benefit liability (asset) is classified as financial expense.

Remeasurements of the net defined liability (asset) are recognised in other comprehensive income, comprising:

i) actuarial gains and losses;

ii) return on plan asset, excluding amounts included in net interest on the net defined benefit liability (asset); and

iii) any change in the effect of the asset ceiling excluding amounts included in net interest on the net defined benefit liability (asset).

Relevant tax impacts of such remeasurements are also recognised under other comprehensive income.

(c) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount of annual leave encashment based on the latest basic salary.

3.12 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(a) Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The tax rates used for the reporting periods are as follows:

Year	Tax rate
2023	40%
2022	40%

(b) Deferred tax

Deferred tax is recognised in compliance with IAS 12 Income Taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and amounts used for taxation purpose. 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 date of statement of financial position. 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 year-end and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.13 Accruals, provisions and contingencies

(a) Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. Accruals are reported as part of trade payables and others.

(b) 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. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Asset Retirement Obligations (ARO)

Asset Retirement Obligations (ARO) are recognised when there is a legal or constructive obligation as a result of past event for dismantling and removing an item of property, plant and equipment and restoring the site on which the item is located and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated expected cost of decommissioning, discounted to its present value. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The Company recognises ARO in respect of base station and office space. The periodic unwinding of the discount is recognised in profit or loss as a finance cost as it occurs.

(c) Contingencies

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.

A 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 Company. We recognise any amount as an asset only if recovery of that amount is virtually certain.

Contingent liabilities and assets are not recognised in the statement of financial position of the Company. Significant contingencies are disclosed in the notes to the financial statements.

3.14 Revenue from contract with customers

Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it satisfies a performance obligation by transferring control over goods or services to a customer.

The Company considers the terms of the contract and its customary business practices to determine 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. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

Nature of goods and services

The following is a description of the principal activities from which the Company generates its revenue

(a) Subscription and traffic fees

Revenues from subscription fees are recognised over the subscription period while revenues from voice and non-voice services are recognised upon actual use. Consideration from the sale of prepaid cards to customers where services have not been rendered at the reporting date is deferred until actual usage or when the cards expire or airtime balances are forfeited.

(b) Connection fees

A connection fee received in the beginning is not considered a separate performance obligation as the connection or SIM card is not a distinct goods or service that is delivered initially. Connection fees that are charged and not allocated to the other elements of an arrangement are deferred and recognised over the periods in which the fees are expected to be earned. The earning period is the average expected lifetime of the customer i.e. four years.

(c) Commission income

The Company recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for other parties to provide goods or services. The Company's fee or commission might be the net amount of consideration that it retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

(d) Customer equipment

The Company recognises revenue when it satisfies a performance obligation by transferring a promised good (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

(e) Discounts

Discounts are often provided in the form of cash discounts or free products and services delivered by the Company or by external parties. Discounts are recognised on a systematic basis over the period the discount is earned. Cash discounts or free products and services given as part of sales transactions are recognised as a reduction of revenue. Free products or services provided that are not related to sales transactions are recognised as expenses. Discounts are recognised when they are earned and not when they are awarded i.e. at the same time when the underlying services are delivered to which those discounts relate.

(f) Multiple element arrangement

Multiple element arrangements or bundled offers are sales arrangements that require the Company to deliver more than one product and/or perform more than one service, often over an extended period of time. The characteristics of such arrangements mean that the Company must determine if the different elements in a package can be separated from one another - i.e. can be considered distinct performance obligations. The total contract price is then to be allocated to the distinct performance obligations, and revenue is to be recognised in accordance with satisfaction of the performance obligations.

The transaction price is allocated to separate performance obligations in a contract based on relative standalone selling prices. The requirement to allocate revenue on a relative stand-alone selling price basis may result in similar goods and services (e.g. a particular customer equipment or a particular service plan) being allocated different amounts of revenue depending on how the products and service plans are bundled into the arrangement.

Stand-alone selling price for the equipment would be list-price when sold by the Company on a stand-alone basis (not in a bundle). If the Company does not sell the equipment separately, the stand-alone selling price is to be estimated.

(g) Interest and dividend income

Interest income is accrued on a time proportion basis that reflects an effective yield on the financial asset. Dividend income from an investment is recognised when the Company's rights to receive payment is established (declared by the Annual General Meeting of the investee or otherwise).

Contract Costs

Contract costs are costs that are incremental to obtaining a contract with a customer or costs that are directly related to fulfilling a specified contract with a customer (fulfilment costs). Incremental costs of obtaining a contract with a customer is recognised as an asset if the expectation is that the costs will be recoverable except for incremental costs that would have been amortised in a year or less. These may be expensed as incurred.

Contract costs is capitalised as assets and amortised in a way that is consistent with the transfer of the related goods and services. Customer acquisition costs for Grameenphone includes SIM cost, different commissions and other directly attributable costs related to acquisition of customers.

Management expects that customer acquisition cost are recoverable. In the comparative period, such costs were capitalised but to the extent of connection revenue earned. These costs are amortised over the average expected lifetime of the customer i.e. four years.

Determination of agent and principal

The determination of whether the Company is acting as a principal or as an agent in a transaction is based on an evaluation of the substance of the transaction, the responsibility for providing the goods or services, setting prices, form of consideration and exposure to credit risk. When another party is involved in providing goods or services to a customer, the entity shall determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the entity is a principal) or to arrange for the other party to provide those goods or services (i.e. the entity is an agent). Where the Company acts as a principal, the revenues are recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customers, after trade discounts, with any related expenses charged as operating costs. Where the Company acts as an agent, the expenses are offset against the revenues and the resulting net revenues represent the margins or commissions earned for providing services in the capacity of an agent.

Licence fees payable to Bangladesh Telecommunication Regulatory Commission (BTRC) that are calculated on the basis of revenue share arrangements are not offset against the revenues. Instead, they are recognised as operating costs because the Company is considered to be the primary obligor.

Customer loyalty programme

Nature and timing of satisfaction of performance obligations

Customers who purchase GP's products or services and fulfil certain conditions enter the Company's customer loyalty programme and earn points. The points are redeemable against any future purchases of the Company's or third party's products or services at customers' discretion. The loyalty points accumulate on cumulative basis and expire after two years where remaining days of current year will be counted as one year. Further, all the accumulated points expire when a subscriber stops using MyGP App for a consecutive period of three months. However, no loyalty point are awarded when a subscriber stops using MyGP App for a consecutive period of one month.

Revenue recognition

GP segregates the monetary value equivalent of the loyalty points as unearned revenue. At subsequent redemption of the loyalty points, nature wise revenue is recognised i.e. where such points are used by customers. Where customer chooses to avail third party goods or services then accounting is done after analysing agent principal relationship. For expired loyalty points, revenue is recognised at expiry.

3.15 Foreign currency transactions

The financial statements are presented in BDT, which is Company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies at the date of statement of financial position are translated into BDT at the exchange rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss as per IAS 21 The Effects of Changes in Foreign Exchange Rates.

3.16 Earnings per share

The Company presents basic and diluted (when dilution is applicable) earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reverse split. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

3.17 Events after the reporting period

Amounts recognised in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.

4 Property, plant and equipment

31 December 2023

Name of assets	Cost				Depreciation				Carrying amount
	As at 01 January 2023	Additions during the year	Disposals/ Adjustments during the year	As at 31 December 2023	As at 01 January 2023	Charged during the year	Disposals/ Adjustments during the year	As at 31 December 2023	As at 31 December 2023
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Land (Note 4.1)	1,228,584	9,106	(124)	1,237,566	-	-	-	-	1,237,566
Building	4,102,681	14,100	-	4,116,781	2,399,320	179,146	-	2,578,466	1,538,315
Base station	145,555,209	14,526,247	(3,711,206)	156,370,250	98,343,017	10,672,227	(3,471,743)	105,543,501	50,826,749
Transmission equipment	24,148,186	2,271,120	(25,672)	26,393,634	19,646,286	1,600,193	(25,667)	21,220,812	5,172,822
Computers and other IT equipment	9,960,087	1,609,623	(82,839)	11,486,871	6,949,016	1,013,939	(82,382)	7,880,573	3,606,298
Furniture and fixtures (including office equipment)	2,872,750	170,617	(28,237)	3,015,130	2,684,253	100,608	(26,139)	2,758,722	256,408
Vehicles	715,233	11,563	(154,972)	571,824	391,103	78,036	(107,975)	361,164	210,660
	188,582,730	18,612,376	(4,003,050)	203,192,056	130,412,995	13,644,149	(3,713,906)	140,343,238	62,848,818
Capital work in progress (Note 4.2)	4,679,384	18,242,267	(18,750,474)	4,171,177	-	-	-	-	4,171,177
	193,262,114	**36,854,643**	**(22,753,524)**	**207,363,233**	**130,412,995**	**13,644,149**	**(3,713,906)**	**140,343,238**	**67,019,995**

31 December 2022

Name of assets	Cost				Depreciation				Carrying amount
	As at 01 January 2022	Additions during the year	Disposals/ Adjustments during the year	As at 31 December 2022	As at 01 January 2022	Charged during the year	Disposals/ Adjustments during the year	As at 31 December 2022	As at 31 December 2022
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Land (Note 4.1)	1,069,921	159,025	(362)	1,228,584	-	-	-	-	1,228,584
Building	4,064,482	38,199	-	4,102,681	2,219,937	179,383	-	2,399,320	1,703,361
Base station	134,197,356	13,760,730	(2,402,877)	145,555,209	90,441,309	10,197,864	(2,296,156)	98,343,017	47,212,192
Transmission equipment	21,542,040	2,606,210	(64)	24,148,186	18,094,570	1,551,780	(64)	19,646,286	4,501,900
Computers and other IT equipment	8,332,855	1,739,326	(112,094)	9,960,087	5,987,571	1,072,231	(110,786)	6,949,016	3,011,071
Furniture and fixtures (including office equipment)	2,885,809	92,011	(105,070)	2,872,750	2,677,076	110,086	(102,909)	2,684,253	188,497
Vehicles	893,196	51,881	(229,844)	715,233	464,644	99,053	(172,594)	391,103	324,130
	172,985,659	18,447,382	(2,850,311)	188,582,730	119,885,107	13,210,397	(2,682,509)	130,412,995	58,169,735
Capital work in progress (Note 4.2)	7,287,398	15,911,389	(18,519,403)	4,679,384	-	-	-	-	4,679,384
	180,273,057	**34,358,771**	**(21,369,714)**	**193,262,114**	**119,885,107**	**13,210,397**	**(2,682,509)**	**130,412,995**	**62,849,119**

4.1 Land

Land represents freehold land acquired for office premises and base stations.

4.2 Capital work in progress (CWIP)

This represents primarily the cost of network equipment under construction and capital inventory.

The amount of CWIP completed and transferred during the year to the corresponding items of property, plant and equipment was as follows:

Name of assets	2023 BDT (000)	2022 BDT (000)
Land (Note 4.1)	9,106	159,025
Building	14,100	38,199
Base station	14,526,247	13,760,730
Transmission equipment	2,271,120	2,606,210
Computers and other IT equipment	1,609,623	1,739,326
Furniture and fixtures	170,617	92,011
Vehicles	11,563	51,881
	18,612,376	**18,447,382**

4.2.1 Capital work in progress - components

Capital work in progress as at 31 December 2023 included capital inventory of BDT 2,794,779,260 (2022: BDT 3,384,084,289) and work-in-progress of BDT 1,376,396,034 (2022: BDT 1,295,298,443).

5 Intangible assets

31 December 2023

Name of assets	Cost				Amortisation				Carrying amount
	As at 01 January 2023	Additions during the year	Disposals/ Adjustments the year	As at 31 December 2023	As at 01 January 2023	Charged during the year	Disposals/ Adjustments the year	As at 31 December 2023	As at 31 December 2023
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Software and others (Note 5.1)	15,653,902	2,548,870	(74,333)	18,128,439	12,678,278	1,313,221	(31,566)	13,959,933	4,168,506
	15,653,902	2,548,870	(74,333)	18,128,439	12,678,278	1,313,221	(31,566)	13,959,933	4,168,506
Capital work in progress (Note 5.2)	1,047,468	1,728,898	(2,548,871)	227,495	-	-	-	-	227,495
	16,701,370	**4,277,768**	**(2,623,204)**	**18,355,934**	**12,678,278**	**1,313,221**	**(31,566)**	**13,959,933**	**4,396,001**

31 December 2022

Name of assets	Cost				Amortisation				Carrying amount
	As at 01 January 2022	Additions during the year	Disposals/ Adjustments the year	As at 31 December 2022	As at 01 January 2022	Charged during the year	Disposals/ Adjustments the year	As at 31 December 2022	As at 31 December 2022
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Software and others (Note 5.1)	14,266,259	1,387,643	-	15,653,902	11,642,147	1,036,131	-	12,678,278	2,975,624
	14,266,259	1,387,643	-	15,653,902	11,642,147	1,036,131	-	12,678,278	2,975,624
Capital work in progress (Note 5.2)	1,008,184	1,426,927	(1,387,643)	1,047,468	-	-	-	-	1,047,468
	15,274,443	**2,814,570**	**(1,387,643)**	**16,701,370**	**11,642,147**	**1,036,131**	**-**	**12,678,278**	**4,023,092**

5.1 Software and others

Software includes business software and network management software. Business software includes mainly billing software, oracle financial software, data mining software, campaign automation software, DNS Software, Huawei GGSN SW, Charging System Upgrade etc.

5.2 Capital work in progress (CWIP)

CWIP includes cost of software in process of installation/implementation and also software under testing phase awaiting users' acceptance.

6 Leases

A. Leases as lessee

Grameenphone leases land, rooftop, office & residential spaces, warehouse, tower infrastructure facilities and fibre optical network. Telecom licences and spectrums have also been chosen to consider as lease after implementation of IFRS 16. Information about leases for which Grameenphone is a lessee is presented below.

(i) Right-of-use assets

31 December 2023

Name of assets	Cost				Amortisation				Carrying amount
	As at 01 January 2023	Addition during the year	Disposal/ adjustment during the year	As at 31 December 2023	As at 01 January 2023	Charged during the year	Disposal/ adjustment during the year	As at 31 December 2023	As at 31 December 2023
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Fibre Optic Network	14,273,341	2,613,327	(59,374)	16,827,294	8,046,689	1,926,247	(15,922)	9,957,014	6,870,280
Telecom licence, annual licence renewal fees and spectrum	104,713,107	2,723,200	-	107,436,307	50,599,539	10,003,796	-	60,603,335	46,832,972
Base transceiver station - Green Field	1,887,021	71,041	(71,660)	1,886,402	925,732	337,352	(35,169)	1,227,915	658,487
Base transceiver station - Roof Top	4,452,528	363,900	(188,715)	4,627,713	2,602,476	804,997	(147,520)	3,259,953	1,367,760
Infrastructure sharing site	23,655,024	7,255,543	-	30,910,567	6,705,818	4,076,404	-	10,782,222	20,128,345
Office/residential space	816,120	72,924	(237,481)	651,563	415,877	215,537	(208,730)	422,684	228,879
	149,797,141	**13,099,935**	**(557,230)**	**162,339,846**	**69,296,131**	**17,364,333**	**(407,341)**	**86,253,123**	**76,086,723**

31 December 2022

Name of assets	Cost				Amortisation				Carrying amount
	As at 01 January 2022	Addition during the year	Disposal/ adjustment during the year	As at 31 December 2022	As at 01 January 2022	Charged during the year	Disposal/ adjustment during the year	As at 31 December 2022	As at 31 December 2022
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Fibre Optic Network	11,377,496	2,895,845	-	14,273,341	7,260,222	786,467	-	8,046,689	6,226,652
Telecom licence, annual licence renewal fees and spectrum	86,161,920	18,551,187	-	104,713,107	42,009,596	8,589,943	-	50,599,539	54,113,568
Base transceiver station - Green Field	1,866,112	57,312	(36,403)	1,887,021	607,781	324,812	(6,861)	925,732	961,289
Base transceiver station - Roof Top	4,226,254	384,078	(157,804)	4,452,528	1,951,937	759,894	(109,355)	2,602,476	1,850,052
Infrastructure sharing site	14,065,842	9,589,182	-	23,655,024	3,716,591	2,989,227	-	6,705,818	16,949,206
Office/residential space	780,888	241,713	(206,481)	816,120	398,553	202,712	(185,388)	415,877	400,243
	118,478,512	**31,719,317**	**(400,688)**	**149,797,141**	**55,944,680**	**13,653,055**	**(301,604)**	**69,296,131**	**80,501,010**

Right-of-use assets addition

Right-of-use assets addition for the year ended 31 December 2023 is BDT 13,099,935,000. BDT 2,751,704,000 has been paid at the time of acquisition and has been classified as part of investing activities in the Statement of Cash Flows. The remaining amount of BDT 10,348,231,000 will be paid when falls due and is classified as part of financing activities.

BDT 2,723,200,000 has been capitalised for 2G licence under Telecom licence, annual licence renewal fees and spectrum, arising from change in estimated total cash outflow related to regulatory disputes.

Telecom licence, annual licence renewal fees and spectrum

The tenure of Mobile Cellular Licence and 14.6 MHz of spectrum acquired in 1996 expired on 10 November 2011. The tenure of this 2G licence and spectrum was renewed for another 15 years on 7 August 2012 effective from 11 November 2011. This 2G licence and spectrum was recognised in accordance with IAS 38 Intangible Assets and was measured at the cash equivalent price being the present value of the instalments. The difference between total payment and the cash equivalent price is recognised as finance cost over the period of payment.

Total cost of telecom licence and spectrum also includes cost of 7.4 MHz of spectrum acquired in 2008 for 18 years.

In 2013, Grameenphone, acquired 3G licence and related 10 MHz of spectrum for 15 years effective from 12 September 2013.

Grameenphone acquired 5 MHz spectrum in 1800 MHz band for 15 years at the spectrum auction held by Bangladesh Telecommunications Regulatory Commission (BTRC) on 19 February 2018 and an approval for converting existing 22 MHz 2G spectrum to technology neutral spectrum for 8.75 years. Grameenphone also obtained 4G/LTE Cellular Mobile Phone Services Operator Licence effective from 19 February 2018 from BTRC.

From 1 January 2019, Grameenphone has chosen to apply IFRS 16 on telecom licence and spectrum which was earlier accounted for under IAS 38 Intangible Assets.

In 2021, Grameenphone acquired 0.4 MHz in 1800 MHz band and 10MHz in 2100 MHz band effective from 9 April 2021 to 10 November 2026.

On 31 March 2022, Bangladesh Telecommunication Regulatory Commission (BTRC) conducted a Radio Frequency Auction for 100 MHz in 2.3 GHz band comprised of 10 blocks of 10 MHz each and 120 MHz in 2.6 GHz band comprised of 12 blocks of 10 MHz each to existing telecom operators. GP participated in that auction and secured 60 MHz spectrum from 2.6 GHz band effective from 1 November 2022 to 18 February 2033. This spectrum has been capitalised from the effective date at BDT 17,366,817,380. Additionally, BDT 1,129,596,000 has been capitalised for 2G licence arising from change in estimated total cash outflow related to regulatory disputes.

(ii) **Lease liabilities**

	2023 BDT (000)	2022 BDT (000)
Lease liabilities - non-current portion	40,212,825	41,046,666
Lease liabilities - current portion	10,006,247	10,852,496
	50,219,072	**51,899,162**

(iii) **Amounts recognised in profit or loss**

	2023 BDT (000)	2022 BDT (000)
Interest on lease liabilities	4,706,978	3,254,319
Expense relating to variable lease payments and short term leases not included in measurement of lease liabilities:		
Revenue sharing and spectrum charges	12,009,842	12,583,383
Fuel and energy costs	1,408,921	833,409
Connectivity cost	273,631	-
Short term lease	19,722	12,751
	18,419,094	**16,683,862**

(iv) **Amounts recognised in statement of cash flows**

	2023 BDT (000)	2022 BDT (000)
Total cash outflow for right-of-use assets	18,745,760	12,638,098
Total cash outflow for right-of-use assets (VAT portion)	1,846,194	471,903
Total cash outflow for variable lease payment and short term leases	14,541,690	11,967,405

7 **Investment in associate**

Grameenphone disposed of 51% of its stake in its only subsidiary, Grameenphone IT Ltd. now known as ACISL on 1 September 2013 and retains significant influence over ACISL with its remaining 49% stake.

In accordance with the requirements of IAS 36 Impairment of Assets, the carrying amount of investment in ACISL as at 31 October 2016 was re-assessed for impairment considering the financial performance of ACISL for the period to 31 October 2016 and estimated the recoverable amount from the investment. Based on the assessment, the carrying amount of investment in ACISL (BDT 486,828,493) has been fully impaired. The assessment of recoverable amount from investment in associate remained unchanged as at 31 December 2023 and 31 December 2022.

8 **Contract cost**

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Opening balance	5,148,908	6,035,958
Additions during the year	4,889,322	1,819,493
Amortisation during the year	(2,896,798)	(2,706,543)
	7,141,432	**5,148,908**

This includes deferred customer acquisition cost mainly in the form of SIM cost, different commissions and other directly attributable costs related to acquisition of customers.

9 **Other non-current assets**

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Appeal deposits	455,484	455,483
Deposit to BTRC (Note 9.1)	20,000,000	20,000,000
Security deposits for utility services and other investments	16,084	16,084
	20,471,568	**20,471,567**

9.1 **Deposit to BTRC**

Deposit of BDT 20,000,000,000 to BTRC was made pursuant to the order of Hon'ble Appellate Division of the Supreme Court of Bangladesh. The details of the dispute are discussed in Note 45 (Contingencies) to these financial statements.

10 Inventories

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Handset, data card and other devices	71,228	109,503
SIM card	507,641	935,483
Scratch card	12,580	43,407
	591,449	**1,088,393**

10.1 Movement of inventories

	Handset, data card and other device BDT (000)	SIM card BDT (000)	Scratch card BDT (000)
Balance as at 1 January 2022 (Gross)	57,095	229,828	36,189
Purchase	378,890	934,828	218,987
Issue	(296,193)	(201,196)	(209,828)
	139,792	963,460	45,348
Adjustment/write-off	(30,289)	(27,977)	(1,941)
Balance as at 31 December 2022 (Net)	**109,503**	**935,483**	**43,407**
Balance as at 1 January 2023 (Gross)	139,792	963,460	45,348
Purchase	12,563	679,357	216,066
Issue	(56,756)	(1,080,893)	(205,270)
	95,599	561,924	56,144
Adjustment/write-off	(24,371)	(54,283)	(43,564)
Balance as at 31 December 2023 (Net)	**71,228**	**507,641**	**12,580**

10.2 Number of inventories

	As at 31 December 2023 Units	As at 31 December 2022 Units
Handset, data card and other device	45,205	63,886
SIM card	10,200,595	21,114,580
Scratch card	409,290,929	345,478,965

10.3 SIM card

SIM cards include SIMs for new connections and replacement SIMs. Both new connection and replacement SIM attract SIM tax. Value added tax (VAT) and supplementary duty (SD) imposed on SIM cards are popularly known as SIM tax.

11 Trade receivables and others

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Trade receivables		
Trade receivables, gross	8,518,797	7,767,126
Impairment loss allowance	(2,734,796)	(1,800,342)
	5,784,001	**5,966,784**
Other receivables		
Receivables from employees	24,162	27,349
Other non-interest-bearing receivables	2,011,504	1,443,430
Impairment loss allowance	(161,695)	(116,481)
	1,873,971	**1,354,298**
Other non-financial assets		
Prepaid expenses	336,730	358,323
	336,730	**358,323**
Total trade receivables and others	**7,994,702**	**7,679,405**

12 Cash and cash equivalents

Cash in hand	50,775	179,783
Cash at bank	16,667,563	3,146,139
	16,718,338	**3,325,922**

12.1 Restricted cash balance

Cash at bank as at reporting date includes BDT 43,552,054 (2022: BDT 43,146,456) equivalent to unused Mobicash points in customer wallet and is therefore treated as restricted cash balance.

Additionally, Cash at bank as at reporting date includes BDT 3,848,514,216 (2022: BDT 146,342,686) equivalent to dividend payable amount, BDT 77,581,936 (2022: BDT 58,822,799) equivalent to dividend unclaimed amount (principal portion), BDT 27,205 (2022: BDT 49,305) equivalent to dividend unclaimed on IPO suspense amount (principal portion), BDT 1,672,327 (2022: BDT 1,672,327) equivalent to unclaimed IPO subscription amount (principal portion) and BDT Nil (2022: 1,242,254) equivalent to accrued interest on unclaimed dividend and IPO subscription amount.

13 Net asset value per share

Net Asset (BDT)	66,689,540,000	46,210,758,000
Weighted average number of ordinary shares outstanding during the year	1,350,300,022	1,350,300,022
Net asset value per share (par value BDT 10 each) (BDT)	**49.39**	**34.22**

14 Share capital

Authorised:		
4,000,000,000 ordinary shares of BDT 10 each	40,000,000	40,000,000
	40,000,000	**40,000,000**
Issued, subscribed, called up and paid up:		
1,350,300,022 ordinary shares of BDT 10 each	13,503,000	13,503,000
	13,503,000	**13,503,000**

The Company was initially registered with ordinary shares of BDT 43.00 each. These shares were subsequently converted into BDT 10 shares through a 43:1 split at the 16th EGM (held on 15 July 2008) and 1:10 reverse split at the 19th EGM (held on 2 July 2009)

There has been no change in share capital during the current and comparative year.

14.1 Shareholding position

a) Percentage of shareholdings

Name of shareholders	% of holding: As at 31 December 2023	% of holding: As at 31 December 2022	Value of shares (BDT): As at 31 December 2023	Value of shares (BDT): As at 31 December 2022	Date of issue/ Transfer of Shares
Telenor Mobile Communications AS, Norway	55.8%	55.8%	7,534,081,540	7,534,081,540	10 October 1996 24 September 1997 25 August 1998 7 December 1998 19 April 2004 21 October 2004 21 December 2004 31 May 2007 15 July 2008 02 July 2009 31 October 2019
Grameen Telecom, Bangladesh	34.2%	34.2%	4,617,664,090	4,617,664,090	10 October 1996 24 September 1997 25 August 1998 7 December 1998 19 April 2004 21 October 2004 27 November 2004 31 May 2007 15 July 2008 02 July 2009
Grameen Kalyan, Bangladesh	0.0%	0.0%	220	220	31 May 2007 15 July 2008 02 July 2009
Grameen Shakti, Bangladesh	0.0%	0.0%	220	220	31 May 2007 15 July 2008 02 July 2009
General public, Grameenphone employees and institutional	10.0%	10.0%	1,351,254,150	1,351,254,150	28 October 2009 28 October 2019
	100%	**100%**	**13,503,000,220**	**13,503,000,220**	

215 shares of Telenor Asia Pte Ltd., Singapore are presented under institutional shareholders as per regulatory direction.

b) Classification of shareholders by range of number of shares held

Shareholding range	No. of shareholders: As at 31 December 2023	No. of shareholders: As at 31 December 2022	No. of shares: As at 31 December 2023	No. of shares: As at 31 December 2022
1-500	30,497	29,122	4,794,153	4,667,015
501-5,000	6,351	5,943	10,605,964	9,642,823
5,001-10,000	646	594	4,749,215	4,381,950
10,001-20,000	349	312	5,016,248	4,496,209
20,001-30,000	133	129	3,369,488	3,251,744
30,001-40,000	79	74	2,777,101	2,610,393
40,001-50,000	43	42	2,004,368	1,930,061
50,001-100,000	104	94	7,465,975	6,738,098
100,001-1,000,000	130	122	37,939,389	36,480,965
1,000,001-1,000,000,000	22	21	1,271,578,121	1,276,100,764
	38,354	**36,453**	**1,350,300,022**	**1,350,300,022**

15 Share premium

Total amount of BDT 8,384,003,437 was received in the years 1997 and 2009 as share premium in respect of shares issued to shareholders. Net issue cost of BDT 543,777,495 was set off against share premium as per IAS 32 Financial Instruments: Presentation.

16 Capital reserve

In 1999, Grameenphone issued 5,086,779 preference shares of BDT 45.84 each, which were converted into ordinary shares of BDT 43.00 each in 2004. The balance BDT 2.84 per share was transferred to capital reserve account. The conversion was in accordance with provisions of Articles of Association of Grameenphone. This amount is not distributable as dividend as per the Companies Act 1994.

17 Deferred tax liabilities

Deferred tax assets and liabilities have been recognised and measured in accordance with the provisions of IAS 12 Income Taxes. Related deferred tax (expense)/income have been disclosed in Note 35. The components of deferred tax assets and liabilities are given below:

	Carrying amount BDT (000)	Tax base BDT (000)	Taxable/(deductible) temporary difference BDT (000)
As at 31 December 2023			
Property, plant and equipment (excluding land and CWIP (Note 4))	61,611,252	44,115,366	17,495,886
Difference for vehicle (Note 17.1)	(59,691)		(59,691)
			17,436,195
Right of use assets (Note 6)	76,086,723	35,927,958	40,158,765
Trade receivables (Note 11)	(2,896,491)		(2,896,491)
Lease liabilities including current portion (Note 6)	(51,621,260)		(51,621,260)
Other current liabilities (profit sharing plan)	(271,619)		(271,619)
Employee benefit plans including obligation under voluntary retirement scheme (funded)	(755,352)		(755,352)
Recoverable income tax on certain aged trading liability	(851,816)		(851,816)
Net taxable temporary difference			1,198,422
Net deferred tax liability @40% tax rate (Note 3.12)			**479,369**

	Carrying amount BDT (000)	Tax base BDT (000)	Taxable/(deductible) temporary difference BDT (000)
As at 31 December 2022			
Property, plant and equipment (excluding land and CWIP (Note 4))	56,941,151	36,552,828	20,388,323
Difference for vehicle (Note 17.1)	(83,096)	-	(83,096)
			20,305,227
Right of use assets (Note 6)	80,501,010	34,260,547	46,240,463
Trade receivables (Note 11)	(1,916,823)	-	(1,916,823)
Lease liabilities including current portion (Note 6)	(54,610,679)	-	(54,610,679)
Other current liabilities (profit sharing plan)	(259,951)	-	(259,951)
Employee benefit plans including obligation under voluntary retirement scheme (funded)	(1,853,190)	-	(1,853,190)
Recoverable income tax on certain aged trading liability	(253,564)	-	(253,564)
Net taxable temporary difference			7,651,483
Net deferred tax liability @40% tax rate (Note 3.12)			**3,060,593**

17.1 Difference for vehicle

This represents the permanent difference related to sedan cars, not plying for hire, owned by Grameenphone. As per the provisions of Income Tax Act 2023, depreciation on such cars is allowed only up to certain limit of cost (currently BDT 3 million per car) of such cars for tax purpose. Difference for vehicle represents the amount of depreciated cost exceeding such limits.

17.2 Actuarial gain/loss from re-measurement of defined benefit obligations

Deferred tax liabilities as at 31 December 2023 includes net deferred tax asset of BDT 153,787,902 (2022: BDT 507,796,688) for actuarial gain/loss from re-measurement of defined benefit obligations corresponding impact of which has been recognised under other comprehensive income.

18 Employee benefits

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Amounts recognised in the statement of financial position		
Defined benefit obligation	(4,173,750)	(4,758,953)
Fair value of plan assets	3,789,280	3,418,629
Net defined benefit obligation	**(384,470)**	**(1,340,324)**
Change in benefit obligation		
Benefit obligation at end of prior year	(4,758,953)	(5,536,139)
Service cost	(324,065)	(336,903)
Interest expense	(355,608)	(322,758)
Benefit payments from plan assets	488,514	1,264,745
Remeasurements due to change in demographic assumptions	(150,210)	-
Remeasurements due to change in financial assumptions	1,060,004	475,906
Remeasurements due to experience adjustments	(133,432)	(303,804)
Defined benefit obligation at end of year	**(4,173,750)**	**(4,758,953)**
Change in fair value of plan assets		
Fair value of plan assets at end of prior year	3,418,629	4,200,054
Interest income	259,262	229,941
Employer contributions	990,000	428,644
Benefit payments from plan assets	(488,514)	(1,264,745)
Remeasurements for return on assets (excluding interest income)	(390,097)	(175,265)
Fair value of plan assets at end of year	**3,789,280**	**3,418,629**
Fair value of plan assets		
Cash and cash equivalents	1,068,018	296,909
Debt instruments	2,721,262	3,121,720
Total	**3,789,280**	**3,418,629**
Components of Defined Benefit Cost (DBO)		
Service cost	324,065	336,903
Interest expense on DBO	355,608	322,758
Interest (income) on plan assets	(259,262)	(229,941)
Defined benefit cost included in profit or loss	**420,411**	**429,720**
Remeasurements (recognised in other comprehensive income (OCI))		
Due to change in demographic assumptions	150,210	-
Due to change in financial assumptions	(1,060,004)	(475,906)
Due to change in experience adjustments	133,432	303,804
(Return) on plan assets (excl. interest income)	390,097	175,265
Total remeasurements in OCI	**(386,265)**	**3,163**
Total defined benefit cost recognised in profit or loss and OCI	**34,146**	**432,883**
Net defined benefit liability (asset) reconciliation		
Opening balance of net defined benefit liability (asset)	1,340,324	1,336,085
Defined benefit cost included in profit or loss	420,411	429,720
Total remeasurements included in OCI	(386,265)	3,163
Employer contributions	(990,000)	(428,644)
Net defined benefit liability (asset) as of end of year	**384,470**	**1,340,324**

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Expected cash flows for following year		
Expected employer contributions	400,413	660,409
Expected total benefit payments		
Year 1	400,413	660,409
Year 2	280,402	578,831
Year 3	308,716	591,287
Year 4	349,548	610,055
Year 5	376,463	613,043
Next 5 years	2,933,170	3,195,298
Significant actuarial assumptions		
Discount rate in %	8.0%	6.4%
Future salary growth in %	8.5%	8.5%

Sensitivity analysis

A change of 50 basis points in following significant assumptions would have increased/ (decreased) defined benefit obligation of the Company by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	As at 31 December 2023		As at 31 December 2022	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Discount rate in %	(289,437)	65,692	(240,527)	42,025
Future salary growth in %	58,908	(284,653)	29,849	(230,298)

Significant characteristics of plan

Plan sponsor	: Grameenphone Ltd.
Nature of benefits	: Final salary defined benefit plan
Risks associated with the plan	: Plan sponsor bears all the risks associated with the plan
Vesting criteria	: 5 year of continuous service
Applicable salary	: Last drawn monthly basic salary
Maximum limit of benefit paid	: No upper limit on benefit
Basis of gratuity	: Accrued benefit
Normal retirement age	: 60 years
Benefit calculation	: - Past service of 5 years to 5.5 years: 1 month applicable basic salary for each completed years of service - Up to 10 years: 1.5 month applicable basic salary for each completed years of service - More than 10 years: 2 month applicable basic salary for each completed years of service

19 Other non-current liabilities

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Asset retirement obligations (Note 19.1)	311,652	377,541
Other non-current liabilities	144,583	118,782
	456,235	**496,323**

19.1 Asset retirement obligations (ARO)

Opening balance	377,541	349,735
Provision made during the year	34,259	31,477
	411,800	381,212
Provision released during the year	(99,323)	(3,460)
Paid during the year	(825)	(211)
Closing balance	**311,652**	**377,541**

Grameenphone recognises Asset Retirement Obligations (ARO) in respect of base stations and office space for any constructive and/or legal obligations for dismantling, removal or restoration incurred by the Company as a consequence of installing or constructing the sites. ARO is measured at the present value of expected cash outflows required to settle such obligations. Unwinding of the discount is charged as finance expense in the profit or loss.

20 Trade payables and others

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Financial liabilities		
Trade payables including liability for capital expenditure	12,422,859	12,797,402
Accrued expenses	7,461,992	7,066,699
Indirect taxes	2,870,929	2,301,216
	22,755,780	**22,165,317**
Other non-financial liabilities		
Deferred connection revenue	635,073	48,467
Unearned revenue	6,228,564	5,061,546
	6,863,637	**5,110,013**
Total trade payables and others	**29,619,417**	**27,275,330**

21 Provisions

A provision is a liability of uncertain timing or amount. Grameenphone takes provision for those items for which it has obtained related goods or service but vendor is formally yet to bill it. The amount concerning provision is almost certain to both parties and uncertainties exist regarding the timing of billing by vendor. Provisions includes provision for regulatory disputes, BTRC revenue share, annual operating licence fee, office running, other operational expenses and capital expenditure.

Grameenphone took provision for regulatory disputes based on the outcome of the court proceedings. This is also reflected in Note 34.

Grameenphone has a number of disputes, in addition to the issues mentioned in Note 45, which have been duly evaluated and addressed in accordance with relevant International Financial Reporting Standards (IFRSs) considering the opinion of the relevant experts where applicable.

22 Loans and borrowings

This includes short-term bank loan of BDT 3,119,599,369 (2022: BDT 5,037,394,374).

23 Current tax liabilities

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Movement of current tax liabilities is shown as below:		
Opening balance	23,779,920	25,603,868
Provision made during the year including transactions for other comprehensive income	30,581,416	23,114,162
	54,361,336	48,718,030
Paid during the year (incl. tax deducted at source)	(28,304,971)	(24,086,083)
Provision released during the year	(6,596,686)	(852,027)
Closing balance	**19,459,679**	**23,779,920**

24 Other current liabilities

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Accruals for profit sharing plan	271,619	259,951
Payable for bills pay receipts	28,815	42,041
Security deposits from subscribers and channel partners	592,063	588,241
Dividend payable	3,848,514	146,343
Others	1,227,491	1,279,766
	5,968,502	**2,316,342**

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25 Unclaimed dividend

This includes dividend unclaimed amount of BDT 77,581,936 (2022: BDT 58,822,799) and dividend unclaimed on IPO suspense amount of BDT 27,355 (2022: BDT 49,455).

Bangladesh Securities and Exchange Commission (BSEC) issued a Directive dated 14 January 2021, official gazette of the Bangladesh Securities and Exchange Commission (Capital Market Stabilisation Rules Fund) Rules dated 27 June 2021 and BSEC Notification dated 19 July 2021 whereby listed companies are instructed to transfer unclaimed/undistributed/unsettled cash dividend and non-refundable public subscription money for a period of 3 years old from the date of declaration or approval or record date, as the case may be to "Capital Market Stabilisation Fund".

In compliance with the said instruction Grameenphone transferred the principal amount of unclaimed/ undistributed/unsettled cash dividend of BDT 13,787,427 (2022: BDT 15,478,019) to the fund this year. Furthermore, Grameenphone transferred net interest received on unclaimed dividend and IPO subscription amount of BDT 1,123,196 (2022: BDT 1,727,572) to the Capital Market Stabilisation Fund.

26 Revenue

	2023 BDT (000)	2022 BDT (000)
The following is an analysis of revenue for the year:		
Revenue from contract with customers (Note 26.1)	156,723,918	148,606,377
Lease revenues	1,991,900	1,797,092
	158,715,818	**150,403,469**

26.1 Disaggregation of revenue from contract with customers

	2023 BDT (000)	2022 BDT (000)
Type of goods/ services		
Revenue from mobile communication (Note 26.2)	156,331,347	148,179,973
Revenue from customer equipment (Note 26.3)	306,887	294,585
Other revenues (Note 26.4)	85,684	131,819
	156,723,918	**148,606,377**
Type of subscription		
Prepaid	147,994,228	141,309,171
Contract	8,337,119	6,870,802
Other	392,571	426,404
	156,723,918	**148,606,377**
Type of customer		
Consumer	138,182,324	131,686,851
Business	18,541,594	16,919,526
	156,723,918	**148,606,377**

26.2 Revenue from mobile communication

This includes revenue from voice and non-voice traffic, subscription and connection fee and interconnection revenue.

26.3 Revenue from customer equipment

This mainly includes revenue from sale of mobile handsets/devices and data cards.

26.4 Other revenues

This mainly includes revenue from commission and other income.

27 Cost of material and traffic charges

	2023 BDT (000)	2022 BDT (000)
Traffic charges	8,301,391	8,479,917
Cost of materials and services	1,659,650	1,608,575
	9,961,041	**10,088,492**

Traffic charges mainly include national and international interconnection cost.
Cost of materials and services includes cost of SIM card, scratch card, devices and contents.

28 Salaries and personnel cost

28.1 Salaries and personnel cost includes salaries, bonuses, different employment benefits including provident, gratuity, profit sharing (WPPF), employee share programme for employees, long term incentive programme for key personnel, training and other related costs. Additionally, gratuity expense includes BDT 403,286,952 (2022: BDT 1,734,735,620) for restructuring expense during the year and BDT 1,535,269,469 (2022: BDT 2,981,167,737) has been transferred during the year. The WPPF expense for the year is BDT 2,716,193,800 (2022: BDT 2,599,505,214) and BDT 2,532,052,399 (2022: BDT 2,815,162,953) has been transferred during the year.

28.2 Number of employees

Total number of employees having annual salary of BDT 36,000 or above each was 1,277 as at 31 December 2023 and 1,315 as at 31 December 2022.

29 Operation and maintenance

	2023 BDT (000)	2022 BDT (000)
Service maintenance fee	2,989,680	1,378,709
Vehicle maintenance expense	321,054	281,681
Other operation and maintenance	2,961,651	2,592,190
	6,272,385	**4,252,580**

Service maintenance fee includes costs related to operation and maintenance of serviceability of mobile communication network. During the prior year Grameenphone released BDT 1,778,564,322 as a result of negotiation outcome with supplier under this category.

30 Sales, marketing and commissions

	2023 BDT (000)	2022 BDT (000)
Sales, marketing and representation costs (Note 30.1)	648,181	592,458
Advertisement expenses	1,249,320	1,158,880
Promotional expenses (Note 30.2)	548,149	279,300
Commissions	12,982,522	13,248,295
	15,428,172	**15,278,933**

30.1 Sales, marketing and representation costs include costs related to trade marketing and subscriber acquisition.

30.2 Promotional expenses have been assessed as per definition of Income Tax ordinance 1984 and presented accordingly.

31 Revenue sharing and spectrum charges

Grameenphone shares 5.5% of its revenue as 'revenue sharing' and 1.0% of its revenue as 'contribution to social obligation fund' with BTRC as per licensing conditions. Licensing conditions also require Grameenphone to pay quarterly spectrum charges.

32 Other operating expenses/(income)

	2023 BDT (000)	2022 BDT (000)
Consultancy and professional services (Note 32.1)	649,620	868,261
Statutory audit fees	3,000	3,000
Rental expense for property, plant and equipment	217,429	217,532
Fuel and energy costs	6,313,609	4,705,804
Impairment loss on trade receivables (Note 32.2)	1,279,844	278,145
Rental and other income	(6,314)	(8,700)
(Gain)/loss on disposal of assets	150,391	(4,160)
Others (Note 32.3)	1,192,115	1,406,700
	9,799,694	**7,466,582**

32.1 Consultancy and professional services

This includes fees for accounting and legal services, technical and business consultancy, costs related to settlement of contract and other professional services.

32.2 Impairment loss on trade and other receivables

	2023 BDT (000)	2022 BDT (000)
Allowance for impairment of trade and other receivables during the year (Note 39.1.3)	1,345,596	305,590
Recovery of impaired trade receivables during the year	(65,752)	(27,445)
	1,279,844	**278,145**

Allowance for impairment has been made as per policy of the Company mentioned in Note 3.9

32.3 Others

This includes office supplies, printing and postage, travelling, subscriptions, meeting, insurance etc.

33 Depreciation and amortisation

	2023 BDT (000)	2022 BDT (000)
Property, plant and equipment	13,644,149	13,210,398
Intangible assets	1,313,221	1,036,131
Right-of-use assets	17,364,333	13,653,055
	32,321,703	**27,899,584**

34 Finance expense/(income)

	2023 BDT (000)	2022 BDT (000)
Interest income	(352,911)	(156,852)
Interest expense	668,820	456,720
Net interest cost on defined benefit obligation	96,346	92,816
Interest expenses on lease liabilities	4,706,978	3,254,319
Other finance expenses (Note 34.1)	4,264,600	6,530,404
	9,383,833	**10,177,407**

34.1 This includes provision for regulatory disputes.

35 Income tax expense

	2023 BDT (000)	2022 BDT (000)
Current tax expense		
Income tax expense for the year	30,581,416	23,114,162
Adjustments/provision released during the year	(6,596,686)	(852,027)
	23,984,730	22,262,135
Deferred tax expense/(income)		
Deferred tax income relating to origination and reversal of temporary differences	(2,735,730)	(363,630)
	21,249,000	**21,898,505**

35.1 Reconciliation of effective tax rate

	2023 Percentage	2023 BDT (000)	2022 Percentage	2022 BDT (000)
Profit before tax		54,323,873		51,990,103
Tax using the Company's tax rate	40.00%	21,729,549	40.00%	20,796,041
Tax effect of:				
Provision for non-deductible expenses	11.26%	6,116,137	3.75%	1,951,783
Adjustments / provision released during the year	-12.14%	(6,596,686)	-1.64%	(852,027)
Permanent difference as per Income Tax Ordinance 1984	0.00%	-	0.01%	2,709
	39.12%	**21,249,000**	**42.12%**	**21,898,506**

36 Earnings per share

	2023 BDT	2022 BDT
Profit for the year (in BDT)	33,074,873,000	30,091,598,000
Weighted average number of shares (Note 36.1)	1,350,300,022	1,350,300,022
Basic earnings per share (in BDT)	24.49	22.29

36.1 Weighted average number of ordinary shares

The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year.

36.2 Diluted earnings per share

No diluted earnings per share is required to be calculated for the years presented as Grameenphone has no dilutive potential ordinary shares.

37 Reconciliation of net operating cash flow

	2023 BDT (000)	2022 BDT (000)
Profit after tax	33,074,873	30,091,598
Income tax expense	21,249,000	21,898,505
Profit before tax	54,323,873	51,990,103
Adjustment for:		
Depreciation & amortisation	32,321,703	27,899,584
(Gain)/loss on sale of fixed assets	150,391	(4,160)
Finance expense/(income), net	9,383,833	10,177,407
Other adjustments	(5,127,169)	(5,215,589)
	91,052,631	**84,847,345**
Changes in:		
Inventories	496,944	(828,163)
Trade receivables and others	(368,735)	(764,362)
Trade payables and others	1,562,933	1,559,027
Provisions	527,230	6,934,933
Other current liabilities	(50,011)	(1,244,335)
Cash generated from operating activities	93,220,992	90,504,445
Interest received	352,911	156,852
Interest paid	(4,668,117)	(2,762,520)
Income tax paid	(28,304,971)	(24,086,083)
Net cash generated from operating activities	**60,600,815**	**63,812,694**

38 Net operating cash flow per share

	2023 BDT (000)	2022 BDT (000)
Net operating cash flow (BDT)	60,600,815,000	63,812,694,000
Weighted average number of ordinary shares outstanding during the period	1,350,300,022	1,350,300,022
Net operating cash flow per share (par value BDT 10 each) (BDT)	**44.88**	**47.26**

39 Financial risk management

Company's financial risk management is governed by Treasury Policy as approved by the Board of Directors. Company's principal financial assets include trade receivables and others, cash and short-term deposits that arise directly from its operations. Company's financial liabilities mainly include trade payables and others, finance lease obligation and loans and borrowings. The main purpose of these financial liabilities is to finance the Company's operations. The Company is exposed to credit risk, liquidity risk and market risk in relation to its financial instruments.

39.1 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. Company's exposure to credit risk primarily relates to trade receivables and balances with banks including short and long term deposits.

Customer credit risk, where appropriate, is assessed by using qualitative and quantitative criteria. Outstanding trade receivables are regularly monitored and appropriate impairment charge is considered as per Company's policy.

Credit risk relating to balances with banks is managed by treasury department in accordance with Company's policy. Minimising counterparty risk is given more importance to yield on investment in making investment decisions. Counterparty limits are reviewed and approved by the Board of Directors.

39.1.1 Company's maximum exposure to credit risk for the components of the statement of financial position is represented by the carrying amounts as illustrated below:

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Trade receivables (Note 11)	5,784,001	5,966,784
Other receivables (Note 11)	1,873,971	1,354,298
Cash at bank (Note 12)	16,667,563	3,146,139
	24,325,535	**10,467,221**

39.1.2 Trade receivables, gross

This included interconnection receivables of BDT 2,775,347,000 as at 31 December 2023 (2022: BDT 3,123,568,000). The ageing of gross interconnection receivables as at the statement of financial position date was:

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Not past due	770,930	1,114,347
0-30 days past due	33,731	22,512
31-60 days past due	19,911	128,987
61-90 days past due	20,479	23,485
91-180 days past due	61,451	170,898
181-365 days past due	101,843	69,616
over 365 days past due	1,767,002	1,593,723
	2,775,347	**3,123,568**

Other trade receivables (other than receivable from interconnection) as at 31 December 2023 was BDT 5,743,450,000 (2022: BDT 4,643,558,000). The ageing of other trade receivables as at the statement of financial position date was:

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Not past due	1,194,518	1,770,758
0-30 days past due	1,897,052	1,236,559
31-60 days past due	576,770	304,794
61-90 days past due	165,001	259,801
91-180 days past due	1,278,325	481,495
181-365 days past due	263,819	267,664
over 365 days past due	367,965	322,487
	5,743,450	**4,643,558**

Total not past due trade receivables (gross) as at 31 December 2023 includes receivables of BDT 661,928,907 (2022: BDT 715,693,580) from customers against whom receivables of BDT 1,768,332,057 (2022: BDT 1,574,521,447) became over 365 days past due and provision for bad debt of BDT 1,487,207,122 (2022: BDT 1,465,091,913) has been taken against those customers. However, as per BTRC guidelines we are obligated to provide services to the inter connection service providers.

39.1.3 Movements in the allowance for impairment of trade and other receivables during the year was as follows:

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Opening balance	1,916,823	1,812,789
Net remeasurement of loss allowance	1,345,596	305,590
	3,262,419	2,118,379
Amounts written off	(365,928)	(201,556)
Closing balance	**2,896,491**	**1,916,823**

39.1.4 Security against trade receivables

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Good and secured	592,063	588,241
Good with personal security/unsecured	5,191,938	5,378,543
Impaired	2,734,796	1,800,342
Gross trade receivables	8,518,797	7,767,126
Impairment loss allowance	(2,734,796)	(1,800,342)
Trade receivables, net	**5,784,001**	**5,966,784**

39.1.5 The maximum exposure to credit risk for trade receivables as at the statement of financial position date by geographic regions was:

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Domestic	5,280,705	5,337,197
Asia	26,776	20,839
Europe	472,916	604,193
Australia	221	175
America	3,311	4,318
Africa	72	62
	5,784,001	**5,966,784**

39.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. The Company forecasts its cash flow requirements and ensures that it has sufficient cash and cash equivalents and loan facilities to cover expected needs for liquidity during the next 12 months. The Company maintains a balanced maturity profile of debt obligations and in general minimises current excess cash.

The table below gives the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at 31 December 2023

	Carrying amount	Maturity date	Nominal Interest rate	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	BDT (000)			BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Lease liabilities (including current portion)	50,219,072	Multiple	7.1% -15%	65,798,398	7,014,699	7,198,723	13,653,605	20,578,061	17,353,310
Loans and borrowings - short-term	3,119,599	Multiple	7%-8.5%	3,119,599	2,616,998	502,601.33	-	-	-
Trade payables and others									-
Trade payables including liability for capital expenditure	12,422,859	December 2023	N/A	12,422,859	7,828,295	4,594,564	-	-	-
Accrued expenses	7,461,992	December 2023	N/A	7,461,992	4,234,443	3,227,549	-	-	-
Other current liabilities	5,968,502	December 2023	N/A	5,968,502	234,366	5,734,136	-	-	-
Unclaimed dividend	77,609	December 2023	N/A	77,609	-	77,609	-	-	-
	79,269,633			**94,848,959**	**21,928,801**	**21,335,182**	**13,653,605**	**20,578,061**	**17,353,310**

As at 31 December 2022

	Carrying amount	Maturity date	Nominal Interest rate	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	BDT (000)			BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Lease liabilities (including current portion)	51,899,162	Multiple	7.1% -15%	68,010,244	8,591,714	6,220,802	11,879,972	24,021,036	17,296,720
Loans and borrowings - short-term	5,037,394	Multiple	2%-3.25%	5,037,394	5,037,394	-	-	-	-
Trade payables and others									
Trade payables including liability for capital expenditure	12,797,402	December 2022	N/A	12,797,402	5,223,599	7,573,803	-	-	-
Accrued expenses	7,066,699	December 2022	N/A	7,066,699	4,400,503	2,666,196	-	-	-
Other current liabilities	2,316,342	December 2022	N/A	2,316,342	480,433	1,835,909	-	-	-
Unclaimed dividend	58,872	December 2022	N/A	58,872	-	58,872	-	-	-
	79,175,871			**95,286,953**	**23,733,643**	**18,355,582**	**11,879,972**	**24,021,036**	**17,296,720**

39.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

a) Currency risk

Foreign currency risk is the risk of changes in the fair vale or future cash flows of an exposure due to changes in foreign exchange rates. The Company's exposure to foreign currency risk relates primarily to the Company's operating activities (consultancy, roaming revenue and expense) and financing activities (borrowing in foreign currency). The Company is mainly exposed to changes in USD and NOK rates. The Company's exposure to foreign currency changes for other currencies is not material.

i) Exposure to currency risk

The Company's exposure to monetary assets and liabilities denominated in foreign currencies was as follows (BDT in thousand):

	As at 31 December 2023					As at 31 December 2022				
	USD	NOK	EUR	SGD	JPY	USD	NOK	EUR	SGD	JPY
Foreign currency denominated assets										
Receivables from Telenor entities	908,485	-	-	-	-	985,718	-	-	-	-
Receivables	29,430	-	-	-	-	38,096	-	-	-	-
Cash at bank	3,694,009	-	-	-	-	2,096,732	-	-	-	-
	4,631,924	-	-	-	-	3,120,546	-	-	-	-
Foreign currency denominated liabilities										
Loans and borrowings	(3,119,599)	-	-		-	-	-	-		-
Payables to others Telenor entities*	(1,803,029)	(4,653,927)	-	(1,660,454)	-	(1,434,389)	(6,399,671)	(978)	(1,856,098)	-
Trade payables and others	(311,135)	-	(31,182)	-	(974)	(193,674)	-	(28,251)	-	(783)
	(5,233,764)	(4,653,927)	(31,182)	(1,660,454)	(974)	(1,628,063)	(6,399,671)	(29,229)	(1,856,098)	(783)
Net exposure	**(601,840)**	**(4,653,927)**	**(31,182)**	**(1,660,454)**	**(974)**	**1,492,484**	**(6,399,671)**	**(29,229)**	**(1,856,098)**	**(783)**

* Payable to other Telenor entities represents payable for business service costs, consultancy fees etc. which are included mainly in trade payables and others.

The following significant exchange rates have been applied:

	Exchange rate as at	
	31 December 2023	31 December 2022
	BDT	BDT
US Dollar (USD)	109.65	103.17
Norwegian Kroner (NOK)	10.76	10.43
EURO (EUR)	121.46	110.04
Singaporian Dollar (SGD)	83.11	76.80
Japanese Yen (JPY)	0.77	0.78

Market risk (contd.)

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A change of 10 basis points (bp) in 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.

	Profit or (loss)		Equity	
	10 bp increase	10 bp decrease	10 bp increase	10 bp decrease
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
31 December 2023				
Expenditures denominated in USD	(60,184)	60,184	(60,184)	60,184
Expenditures denominated in NOK	(465,393)	465,393	(465,393)	465,393
Expenditures denominated in EURO	(3,118)	3,118	(3,118)	3,118
Expenditures denominated in SGD	(166,045)	166,045	(166,045)	166,045
Expenditures denominated in JPY	(97)	97	(97)	97
Exchange rate sensitivity	**(694,838)**	**694,838**	**(694,838)**	**694,838**
31 December 2022				
Expenditures denominated in USD	149,248	(149,248)	149,248	(149,248)
Expenditures denominated in NOK	(639,967)	639,967	(639,967)	639,967
Expenditures denominated in EURO	(2,923)	2,923	(2,923)	2,923
Expenditures denominated in SGD	(185,610)	185,610	(185,610)	185,610
Expenditures denominated in JPY	(78)	78	(78)	78
Exchange rate sensitivity	**(679,330)**	**679,330**	**(679,330)**	**679,330**

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Exposure to fair value movement relates to fixed rate instruments subject to fair value accounting and exposure to cash flow fluctuation relates to variable rate instruments. The Company is primarily exposed to cash flow fluctuation arising from variable rate borrowings. The objective of interest rate risk management for Grameenphone is to reduce financial cost and ensure predictability.

Profile

As at 31 December 2023, the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	As at 31 December 2023	As at 31 December 2022
	BDT (000)	BDT (000)
Floating rate instruments		
Financial liabilities		
Loans and borrowings	3,119,599	5,037,394

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

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Financial assets		
Financial assets at amortised cost		
Trade receivables	5,784,001	5,966,784
Other receivables	1,873,971	1,354,298
Financial liabilities		
Other financial liabilities		
Lease liabilities	50,219,072	51,899,162
Trade payables and others (except other non-financial liabilities)	22,755,780	22,165,317
Loans and borrowings - short-term	3,119,599	5,037,394
Other current liabilities	5,968,502	2,316,342
Unclaimed dividend	77,609	58,872

* The Company has not disclosed the fair values for financial instruments because their carrying amounts are a reasonable approximation of fair value.

Interest rates used to determine amortised cost

The interest rates used to discount estimated cash flows, when applicable, were as follows:

	2023	2022
Lease liabilities	9.60%	9.83%
Liability for spectrum acquisition	9.06%	9.05%
Loans and borrowings	8.0%	4.49%

* Fair value of such instruments is not likely to be significantly different from the carrying amounts of such instruments.

40 Capital management

For the purpose of Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of Company's capital management is to support long-term strategic ambitions of the Company.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend, return capital to shareholders, issue new shares or obtain long-term debt. Company has capital structure and dividend policy approved by its Board of Directors.

There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current year.

No changes have been made in the objectives, policies or processes for managing capital during the year ended 31 December 2023.

41 Related party disclosures

During the year ended 31 December 2023, the Company entered into a number of transactions with related parties in the normal course of business. The names of the significant related parties, nature of these transactions [expenditures/(revenue)/, receivables/(payables) and dividend payments] and amounts are set out below in accordance with the provisions of IAS 24 Related Party Disclosures. Nature of relationship and significance of the amounts have been considered in providing this disclosure.

41.1 Key management personnel compensation

	2023 BDT (000)	2022 BDT (000)
Short term employee benefits	1,067,052	859,854
Post employment benefits	298,885	113,830
Other long term benefits	51,770	24,784
	1,417,707	**998,468**

Key management personnel compensation includes benefits for employees of the rank of Deputy Director and above. No remuneration is given to the Board of Directors apart from attendance fees in connection with Board and Board Sub-Committee meetings. During the year 2023, attendance fees in connection with Board and Board Sub-Committee meetings are BDT 1,962,089 (2022: BDT 1,680,489).

41.2 Debts due from and due to key management personnel

BDT 15,700,000 (2022: BDT 20,700,000) was due from and BDT 5,406,404 (2022: BDT 5,406,404) due to key management personnel of the Company.

41.3 Other related party transactions during the year

			Transaction for the year ended		Receivables/(payables) as at	
Name of related parties	**Nature**	**Nature of transactions**	**2023 BDT (000)**	**2022 BDT (000)**	**31 December 2023 BDT (000)**	**31 December 2022 BDT (000)**
Telenor Mobile Communications AS	Shareholder	Dividend payment	2,593,126	18,835,204	(3,848,514)	-
Telenor Asia Pte. Ltd.	Shareholder	Dividend payment	2	5	-	-
		Consultancy, professional and technical	95,767	-	1,341	6,638
		support service fee	-		(96,842)	-
Grameen Telecom	Shareholder	Commission expense	187,377	212,593	(200)	(200)
		Connection revenue	-	-	5	5
		Dividend payment	3,509,425	11,544,160	-	
Grameen Kalyan	Shareholder	Dividend payment	0.2	0.6	-	-
Grameen Shakti	Shareholder	Dividend payment	0.2	0.6	-	-

Name of related parties	Nature	Nature of transactions	Transaction for the year ended 2023 BDT (000)	Transaction for the year ended 2022 BDT (000)	Receivables/(payables) as at 31 December 2023 BDT (000)	Receivables/(payables) as at 31 December 2022 BDT (000)
Accenture Communications	Associate	Rental income and other income	-	-	5,084	5,084
Infrastructure Solutions Ltd.		Purchase of IT service, equipments and softwares	-	-	(6,360)	(6,360)
Telenor ASA	Telenor group entity	Consultancy, professional and technical support service fee (Note 41.3.1)	196,605	(1,204,842)	98,148	95,276
					(1,960,950)	(3,557,041)
Telenor Linx (earlier name "Telenor Global Services AS" & Telenor Digital AS)	Telenor group entity	Consultancy, professional and technical support service fee	132,685	174,291	6,748	6,748
					(402,815)	(614,739)
		A2P Project Revenue and professional service fee	(2,398,693)	(1,129,804)	691,101	781,461
Telenor Global Shared Services AS	Telenor group entity	Consultancy, professional and technical support service fee	152,053	239,031	(1,776,648)	(1,567,834)
Telenor Go Pte Ltd.	Telenor group entity	Consultancy and professional service fee including compensation of key management	69,645	190,724	98,746	93,098
		personnel where relevant			(308,891)	(286,845)
Telenor Procurement Company	Telenor group entity	Consultancy, professional and technical support service fee	617,120	636,554	6,198	4,912
		Software Support & acquisition cost	108,442	124,130	(2,419,768)	(2,447,438)
Telenor Norge AS	Telenor group entity	Roaming revenue net of discount	(64)	(68)	65	45
		Roaming cost net of discount	2	11	1,012	(987)
		Consultancy, professional and technical support service fee	332,138	204,789	195	195
					(1,216,880)	(1,254,718)

Name of related parties	Nature	Nature of transactions	Transaction for the year ended 2023 BDT (000)	Transaction for the year ended 2022 BDT (000)	Receivables/(payables) as at 31 December 2023 BDT (000)	Receivables/(payables) as at 31 December 2022 BDT (000)
Telenor Sweden	Telenor group entity	Roaming revenue net of discount	(38)	(46)	105	3,564
		Roaming cost net of discount	(0.4)	5	4	(6)
		Consultancy, professional and technical support service fee			428	
Telenor Denmark	Telenor group entity	Roaming revenue net of discount	(488)	(415)	431	1,778
		Roaming cost net of discount	(8)	8	123	(65)
		Consultancy, professional and technical support service fee	-	-	283	96
Telenor Pakistan	Telenor group entity	Roaming revenue net of discount	(0.6)	(0)	(36)	312
		Roaming cost net of discount	8.2	8	(52)	(193)
		Consultancy Fees	-	616	(1,909)	(1,664)
					953	833
True Corporation	Telenor group entity	Roaming revenue net of discount	(869)	(1,111)	203	368
		Roaming cost net of discount	62	185	(33)	(312)
		Consultancy, professional and technical support service fee	608		-	8,121
Celcom DiGi Telecommunications Sdn Bhd	Telenor group entity	Roaming revenue net of discount	(454)	(1,049)	(69)	281
		Roaming cost net of discount	458	(189)	82	(146)
		Consultancy, professional and technical support service fee	147	(661)	-	(2,196)
Grameen Distribution	Related to Grameen Telecom	Cost of products	-	-	-	-
	through Grameen Telecom Trust	Purchase of handsets	63	113	-	-
Grameen Communication	Related to Grameen Telecom	Software solution and maintenance	-	114	-	-

Name of related parties	Nature	Nature of transactions	Transaction for the year ended 2023 BDT (000)	Transaction for the year ended 2022 BDT (000)	Receivables/(payables) as at 31 December 2023 BDT (000)	Receivables/(payables) as at 31 December 2022 BDT (000)
Telenor Consult AS	Telenor group entity	Consultancy and professional service fee including compensation of key management personnel where relevant	-	-	(1,849)	(1,849)
Telenor Southeast Asia Investment Limited	Telenor group entity	Consultancy, professional and technical support service fee	-	-	(188,221)	(177,099)
		Roaming cost net of discount	-	-	(35)	(35)
Telenor Connexion AB	Telenor group entity	Consultancy, professional and technical support service fee	-	-	-	(882)
Grameen Solutions Limited	Related to Grameen Telecom	Technical support service fee	-	-	(26)	(26)
Telenor Asia (ROH) Ltd	Telenor group entity	Consultancy and professional service fee	-	-	720	720

41.3.1 In 2022, Grameenphone released BDT 1,778,564,322 as a result of negotiation outcome with Telenor ASA.

41.4 Transactions with post-employment benefit plans, Workers' Profit Participation Fund and Workers' Welfare Fund

No other transaction incurred with defined benefit plan other than those disclosed in Note 18. During the year, BDT 559,928,758 (2022: BDT 529,386,879) was transferred to defined contribution plan, BDT 2,019,646,114 (2022: BDT 2,232,913,098) was transferred to Workers' Profit Participation Fund and BDT 252,455,764 (2022: 279,114,137) was transferred to Workers' Welfare Fund.

42 Expense/expenditure and (revenue) in foreign currency during the year

	2023 BDT (000)	2022 BDT (000
CIF value of imports		
Telecommunication equipment	10,913,973	10,150,480
Expenditure in foreign currency		
Consultancy fee	357,901	(1,011,227)
Consultancy fee - expatriate	54,205	190,724
Other fee (travel and training)	8,140	7,553
Online advertisement, membership and others	306,090	305,216
Technical know how	1,457,367	1,307,850
International roaming cost net of discount	49,129	35,799
Foreign earnings		
Revenue net of discount from roaming partners	(66,980)	(60,912)

43 Short-term credit facilities available as at 31 December 2023

The Company enjoys composite working capital facilities including both funded and non-funded facilities from 15 banks (2022: 11 banks). The non-funded facilities include Letters of Credit (LC), Shipping Guarantee, Letters of Guarantee and Foreign Exchange Forward Contracts. The funded facilities include overdraft facility and short-term loan. Import loans, though funded in nature, have been incorporated under non-funded facilities given that they are availed solely for the purpose of settlement of LC. The aggregate amount of arranged composite working capital facilities is BDT 55,258 million (2022: BDT 45,554 million) of which non-funded limit is BDT 26,286 million (2022: BDT 23,286 million) and funded limit is BDT 55,258 million (2022: BDT 29,678 million). The limits maintained with some banks are omnibus in nature.

As per the approval of the Board of Directors of Grameenphone, the total amount of short-term funded facilities is limited to BDT 60,000 million (2022: BDT 30,000 million).

Security against short term credit facilities

The short-term credit facilities are unsecured and backed by standard charge documents as per terms and conditions set by respective banks and financial institutions.

44 Commitments

	As at 31 December 2023 BDT (000)	As at 31 December 2022 BDT (000)
Capital commitment (open purchase order) for Property, plant and equipment	7,285,045	9,741,565
Capital commitment (open purchase order) for intangible assets	655,801	851,300

45 Contingencies

The Company is currently involved in a number of legal proceedings, including inquiries from, or discussions with, governmental authorities that are incidental to its operations. However, save as disclosed below, the Company is not currently involved in any legal proceedings which may have a significant effect on the financial position or profitability of the Company but for which any provision has not been recognised in these financial statements.

(a) BTRC audit

During 2011, Bangladesh Telecommunication Regulatory Commission (BTRC) carried out an information system audit of Grameenphone for the period from 1997-2011 through BTRC's appointed auditor and issued a demand notice to Grameenphone on 03 October 2011 claiming an amount of BDT 30,341,108,581 as outstanding dues on various categories. During and after the audit, Grameenphone clarified to both BTRC and their auditors, that those observations were framed on incorrect basis. Thereafter, Grameenphone disagreed to the claim and responded to the letter requesting BTRC to withdraw the notice. Subsequently, Grameenphone filed a Title Suit before the learned District Court, Dhaka challenging the BTRC demand. In an Appeal arising out of the Title Suit, the Hon'ble High Court Division (HCD) passed an order of status quo on the demand, which is valid till disposal of the matter at the Hon'ble HCD. However, on 30 September 2018, BTRC filed an application for summary dismissal of the said Title Suit without going into the merit. The hearing of the application has not taken place yet and the next date has been fixed on 03 April 2024.

It is to be noted here that in a separate Writ Petition filed by another audit firm challenging the auditor appointment process of BTRC, the appointment of the said auditor was declared illegal by the Hon'ble HCD in 2011 for non-compliance with the relevant procurement laws which was later on upheld by the Hon'ble Appellate Division (AD) in 2013.

In 2015, BTRC appointed a new auditor through a fresh appointment process to conduct an information system audit on Grameenphone since inception i.e., 1997 to 2014. Despite numerous interactions with BTRC and full cooperation to the BTRC appointed auditors, Grameenphone's concerns regarding the audit findings were not addressed by BTRC.

On 02 April 2019, Grameenphone received a demand (Audit Demand) of BDT 125,799,476,135 from BTRC for payment of BDT 84,940,104,730 (including interest of BDT 61,943,079,371 till December 2017) to BTRC and BDT 40,859,371,405 to National Board of Revenue (NBR) within 10 (ten) working days. Pointing out the errors in the methodologies, procedure and substance of the audit exercise, Grameenphone disputed the whole Audit Demand and on 16 April 2019 replied requesting BTRC to withdraw the demand and to engage in discussions with a view to find an amicable resolution. Thereafter, Grameenphone served a notice of arbitration upon BTRC and sent another letter to the Secretary, Ministry of Posts and Telecommunication seeking his support in resolving the matter through arbitration process.

On 04 July 2019, without participating in the arbitration proceedings, BTRC directed International Internet Gateway operators to reduce Grameenphone's internet bandwidth capacity which was subsequently withdrawn on 17 July 2019 considering the impact on subscribers. However, On 22 July 2019, BTRC imposed operational restrictions (Restrictions) through stopping issuance of No Objection Certificates (NOCs) and approvals on products and services and equipment import. In this context, on 30 July 2019, Grameenphone moved with Arbitration applications before the Hon'ble HCD for appointment of BTRC's arbitrator and also for interim relief against the said Restrictions which were subsequently rejected by the Hon'ble HCD on 21 October 2019.

In the meantime, on 14 August 2019, a proposal letter was sent to BTRC for withdrawal of earlier demand based on 2011 audit and discontinuation of the Title Suit in relation to the 2011 audit in order to remove any perceived roadblock for BTRC to participate in arbitration on the current audit demand. The letter remains unanswered.

On 26 August 2019, Grameenphone filed a Title Suit against the Audit Demand before the learned District Court, and on 28 August 2019, Grameenphone moved an application for injunction praying stay on the Restrictions and restrainment on BTRC to realise or enforce the Audit Demand. The said application was rejected against which, on 17 September 2019, Grameenphone filed an appeal before the Hon'ble HCD. In the meantime, on 05 September 2019, BTRC issued a show cause notice to Grameenphone as to why Grameenphone's 2G & 3G licences should not be cancelled. Grameenphone responded timely to the show cause notice.

In parallel, Grameenphone had been continuing engagement with the authorities with a view to find a transparent and amicable resolution. On 18 September 2019, the then Finance Minister in the presence of the then Minister of Post and Telecommunication, NBR Chairman, BTRC Chairman and representatives of Grameenphone, got involved to pursue a constructive path towards resolving the issue. There, it was expressed that BTRC would withdraw the show cause notice and impositions immediately and that Grameenphone would suspend its legal efforts to facilitate an amicable solution. Despite these constructive efforts, BTRC did not lift any of the operational restrictions or the show cause notice.

On 17 October 2019, in the appeal filed earlier by Grameenphone, the Hon'ble HCD passed an interim order of injunction restraining BTRC to realise or enforce the Audit Demand and stayed the operation of the BTRC Restrictions.

Challenging the said order of Hon'ble HCD, BTRC moved to the Hon'ble AD and on 24 November 2019, the Hon'ble AD held that the order of Hon'ble HCD is maintained subject to payment of BDT 20,000,000,000 to BTRC within 03 (three) months; in default the order of Hon'ble HCD shall stand vacated.

On 20 February 2020, in a Review Petition filed by Grameenphone, the Hon'ble AD verbally directed Grameenphone to deposit BDT 10,000,000,000 within 24 February 2020 which Grameenphone complied and booked the deposit as non-current receivables as disclosed in Note 9 to these financial statements. On

24 February 2020, the court further directed Grameenphone to deposit the remaining BDT 10,000,000,000 by 31 May 2020 in default the order of Hon'ble HCD shall stand vacated and BTRC to allow Grameenphone to carry on its business without any hindrance. On 19 May 2020, Grameenphone further deposited BDT 10,000,000,000 and filed a compliance application, for which Grameenphone followed the same accounting treatment.

The hearings of Review Petition and Appeal have not taken place yet at Hon'ble AD and HCD respectively which will take place as per accommodation of the courts. The injunction allowed by the Hon'ble AD continues to remain in force.

The original Title Suit is pending at the learned District Court. BTRC and its Auditor appeared in the suit earlier. On 16 May 2022, BTRC submitted its reply which was accepted by the Court on 27 July 2022. As per Grameenphone's assessment, BTRC has not responded to Grameenphone's arguments in substance and hence, Grameenphone's position on the Audit Demand remains unchanged. The Court has fixed the next date on 29 September 2024. In the ordinary course, on that date the parties will have to inform the Court on their positions about statutory Mediation as provided by the Code of Civil Procedure, 1908. Meanwhile, as part of the initiative to find a transparent process towards an amicable solution, currently Grameenphone is continuing dialogue with BTRC to explore the statutory Mediation. In the meantime, the Post and Telecommunication Division has issued a letter guiding BTRC that necessary step for mediation can be taken provided there is a direction/order from the learned Court.

Despite Grameenphone disagreeing with the Audit Demand as a basis for the audit claim, Grameenphone has consistently tried to engage with the authorities to find a transparent process towards an amicable solution based on the merits of the audit findings. Although in 2019 BTRC declined to refer the matter to arbitration and in October 2019, BTRC did not follow up on pursuing the constructive path towards a solution initiated in the 18 September 2019 meeting, Grameenphone will continue engagement for a transparent amicable solution based on merit while continuing to represent in the legal proceedings.

Grameenphone has performed a detailed assessment of the BTRC and NBR demands and obtained legal advice for each of the various matters/demands and assessed as unjustified from Grameenphone's position. Overall, the BTRC Audit Demand is comprised of claims against 26 line items of which 22 line items are related to BTRC payments (BDT 22,997,025,359 as principal amount and BDT 61,943,079,371 as interest amount). Out of the said 22 line items, necessary provision has been made following relevant International Financial Reporting Standards (IFRSs) based on the verbal judgement of Hon'ble AD as disclosed in Note 45(c).

Out of the said 22 line items, one of the claim heads is relating to deductibility of VAT from BTRC payments in connection with 2G licence renewal, spectrum assignment fee and other payments. In 2012, Grameenphone and other mobile operators disputed the matter through judicial proceedings and ultimately, on 10 January 2023, the Hon'ble AD pronounced verbal judgement and published written judgement on 01 June 2023 based on which Grameenphone has paid the entire principal amount to BTRC on 14 June 2023 (which includes BDT 3,921,993,618 as part of BTRC Audit Demand) without prejudice to its right to pursue Review Petitions (RPs) and without conceding any factual or legal issue in accordance with the said judgment. While making the said payment, Grameenphone also reserved the right to adjust against its future payment obligations subject to the outcome of the RPs. Subsequently, Grameenphone has also filed RPs before the Hon'ble AD challenging the said judgement. Grameenphone is currently engaged in a without prejudice reconciliation exercise with BTRC. Besides, necessary provision has also been made following relevant IFRSs based on the written AD judgement. In this regard necessary steps will be taken at appropriate stage in the original Title Suit against the recent BTRC audit claim.

The other 4 (four) line items (with a total amount of BDT 40,859,371,405) are unauthorised and erroneously claimed by BTRC and are related to already resolved matter or where NBR has no claim against Grameenphone or matters pending in ongoing formal resolution processes (sub-judice) with the NBR. In the NBR matters, Grameenphone had already made the relevant provisions. Moreover, Grameenphone and Large Taxpayer Unit (LTU-Tax) signed agreements on 18 June 2023 and settled all income tax disputes for the assessment years from 2007-2008 to 2019-2020 through Alternative Dispute Resolution (ADR) process and accordingly, obtained a tax clearance certificate from LTU-Tax for the same period on 22 June 2023. With this settlement of disputes, Grameenphone considers that the NBR claims under the BTRC audit demands related to corporate tax have been resolved.

Pointing out the errors in the substance, methodologies and procedures of the audit exercise Grameenphone disputed the whole Audit Demand. The errors in the audit-findings, the unprecedented long period covered by the audit (more than 20 years backwards), the inclusion of already settled/resolved items, the erroneous claim on behalf of third parties, the inclusion of sub-judice items create significant uncertainty about the validity of the demand and outcome of the dispute. Grameenphone through its current assessment concluded that there is no such obligation against the audit claims towards BTRC except as disclosed herein above.

(b) SIM tax on replacement SIMs

Large Taxpayers' Unit (LTU)-VAT through a letter dated 16 May 2012 claimed BDT 15,804,391,570 including interests of BDT 5,454,810,667 for all replacement SIMs issued during the period from July 2007 to December 2011 alleging that Grameenphone evaded SIM tax by selling new connections in the name of replacement SIMs. The said demand was based on extrapolating the outcome of only five randomly purchased SIMs by LTU-VAT. Grameenphone challenged the demand before the Hon'ble HCD and on 6 June 2013, the court disposed of the case directing the LTU-VAT to decide the matter within 120 days and make no demand in the meantime. Subsequently, a SIM Replacement Review Committee (SRRC) was constituted and in January 2014 LTU-VAT finalised their observations without changing their earlier position significantly

The mobile operators expressed their dissatisfaction over the findings and the way LTU-VAT members of the SRRC disregarded the spirit of the 'Terms of Reference' and agreed methodology as endorsed by BTRC in carrying out the review.

Thereafter, the LTU-VAT issued an order dated 18 May 2015 purporting to dispose of the show cause notice and finalise the demand at BDT 10,232,331,083. The revised demand includes substantially all replacements done by Grameenphone between July 2007 and December 2011.

At this juncture, Grameenphone filed an appeal before the Customs, Excise & VAT Appellate Tribunal (CEVT) against the demand. Even though Grameenphone believes that the claim against it is not likely to be legally enforceable, 10% of the disputed amount was deposited at the time of appeal due to statutory requirement. Since the claim is not likely to be legally enforceable, any payment related to this claim is likely to be recoverable after the resolution of this issue. Grameenphone considered the deposit as a contingent asset under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

On 5 June 2017, the CEVT dismissed the Appeals filed by Grameenphone and other mobile operators. Subsequently, on 19 July 2017, Grameenphone filed a VAT Appeal before the Hon'ble HCD challenging the same and the court passed an order of stay which is still subsisting. The appeal has been fixed for hearing along with other operators' appeals and will be heard as per accommodation of the Hon'ble HCD.

Further, for the period July 2012 to June 2015, without conducting any investigation and based on the assumption that Grameenphone evaded SIM tax by selling new connections in the name of replacement SIMs, LTU-VAT issued the final demand for BDT 3,789,537,820. On 20 February 2018, Grameenphone filed appeal before the CEVT against the demand upon depositing 10% of the demanded amount due to statutory requirement and considered the deposit as a contingent asset under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. On 23 March 2019 the CEVT dismissed the Appeal challenging which Grameenphone filed a VAT Appeal before the Hon'ble HCD and the court passed an order of stay which is still subsisting. The appeal has been fixed for hearing and will be heard as per accommodation of the Hon'ble HCD.

Subsequently, during November 2017, the LTU-VAT issued a separate show-cause notice for the similar issue covering the period from January 2012 to June 2012 for an amount of BDT 823,342,916. As per the then law LTU-VAT cannot claim any amount beyond 5 years, hence the claim is time barred. Grameenphone replied to the show cause notice accordingly. Subsequently the hearing before the LTU-VAT Commissioner took place on 31 January 2019 following which LTU-VAT has not concluded on the demand yet although the statutory limitation to conclude such demand was 120 days from issuance of the show-cause i.e., 23 November 2017.

Out of this NBR claim, BDT 10,232,331,083 are also part of BTRC audit claim dated 02 April 2019 as discussed in Note 45(a) above.

(c) Interest on SIM Tax during 24 August 2006 to 27 March 2007

National Board of Revenue (NBR) through a General Order (GO) dated 9 June 2005 fixed Tariff Value determining SIM Tax at BDT 2,172.20 per SIM Card. Challenging the legality of such imposition of SIM Tax, one subscriber filed a Writ Petition before the Hon'ble HCD and the Hon'ble HCD on 25 June 2005 by an interim order stayed the operation of the GO. Accordingly, the mobile operators including Grameenphone could not collect SIM Tax from the customers since the collection of SIM Tax was suspended. Subsequently, on 24 August 2006 Hon'ble HCD declared the imposition of SIM Tax as illegal challenging which NBR filed a Civil Petition before the Hon'ble AD and the court initially stayed the judgment of the Hon'ble HCD on 27 March 2007 and finally on 1 August 2012, reversed the judgment of Hon'ble HCD declaring the imposition of SIM Tax as legal. NBR issued a demand notice after the judgment of the Hon'ble AD and BDT 3,480,971,703 was paid by GP on 12 September 2012 on protest.

On 9 May 2016, LTU-VAT issued a show cause notice to Grameenphone for interest amounting BDT 4,525,263,202 for the delay in payment of SIM Tax on sale of SIM during the period from August, 2006 to March, 2007 for a period of 65 months, i.e. the period between 1 April 2007 and the day before the date of the payment made by Grameenphone, i.e. 11 September 2012 during which the matter was pending before the Hon'ble AD for disposal. Subsequently, NBR issued a demand notice on 22 June 2016 for the same amount which was challenged by Grameenphone through filing an appeal before the Hon'ble CEVT. Even though Grameenphone believes that the claim against Grameenphone is not likely to be legally enforceable, 10% of the disputed amount was deposited for filing the appeal due to statutory requirement. Since the claim is not likely to be legally enforceable, any payment related to this claim is likely to be recoverable after the resolution of this issue. Grameenphone has considered the deposit as a contingent asset under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. On 11 April 2018, CEVT dismissed the Appeal challenging which Grameenphone filed a VAT Appeal before the Hon'ble HCD and on 10 July 2018 the court passed an order of stay which is still subsisting.

As per direction of the Hon'ble HCD, Grameenphone has submitted the relevant documents. The Hon'ble HCD fixed the appeal for hearing which will be heard as per accommodation of the court.

In January 2019, International Financial Reporting Interpretations Committee (IFRIC) published Committee's agenda decisions addressing accounting treatment for the deposits relating to indirect taxes. After a thorough analysis, the appeal deposit of 10% has been reinstated to long term receivables by crediting profit or loss account.

(d) Interest for delayed payment of Guaranteed Annual Rent to Bangladesh Railway

There was a dispute regarding payment of VAT (whether inclusive or exclusive) on the Guaranteed Annual Rent (GAR) paid to Bangladesh Railway (BR) to use its Fibre Optic Network (FON) under an Agreement dated 17 September 1997. Grameenphone made payment to BR after deduction of VAT from the GAR following inclusive method. In 2008, BR requested Grameenphone to pay the amounts deducted as VAT otherwise threatened to disconnect the FON connection. Grameenphone filed a Writ Petition before the Hon'ble HCD and HCD disposed of the Writ Petition directing Grameenphone to pay VAT following exclusive method i.e. to be grossed up on top of GAR which was later on upheld by the Hon'ble AD. BR issued a demand letter of BDT 319,670,457. Grameenphone paid the demanded amount on 10 January 2018 without prejudice to its right to file Review Petition before the Hon'ble AD and subject to adjustment, if any, as per the decision of the Review Petition. However, after assessment, Grameenphone decided not to pursue for Review Petition against the decision of the AD.

On 27 February 2018, BR made an additional demand of BDT 1,316,513,243 as interest for delayed payment of deducted GAR referring to the provisions of the agreement between Grameenphone and BR. Grameenphone believes that interest should not apply during the period when the matter was sub-judice and BR's demand for principal amount was stayed by the Order of the Court. Moreover, Grameenphone's position is that it did not default in making the installment payments, and the demand for interest is not a public demand as it arises from a commercial contract. Pursuant to the said demand letter, on 24 May 2018, Grameenphone sent a letter to BR for resolution of the dispute amicably by stating its legal position. Thereafter, BR refused the proposal for amicable resolution on 29 July 2018.

Thereafter, a Certificate Case was filed by BR under Public Demands Recovery Act 1913 against Grameenphone, claiming the said amount. On 05 November 2020, Grameenphone filed a petition denying the claim. On 22 February 2021, BR submitted its response against the same. On 19 November 2023 Grameenphone sought adjournment in the pending Certificate Case due to the pendency of the related proceedings before the Hon'ble HCD, which was allowed and the next date has been fixed on 28 January 2024.

In the meantime, on 24 December 2020, as per agreement Grameenphone served an Arbitration notice upon BR for Arbitration proceedings regarding the claim and accordingly requested BR to appoint arbitrator on their behalf. Subsequently, on 24 January 2021 BR in reply requested Grameenphone to withdraw the Arbitration notice without appointing any arbitrator on their behalf. Against this backdrop, on 7 March 2021 Grameenphone filed two applications before the Hon'ble HCD - one is an injunction application under section 7KA of the Arbitration Act 2001 seeking stay on the proceedings of the Certificate Case and another is an application under section 12 of the Arbitration Act 2001 for appointment of BR's arbitrator. On 14 March 2021, the Hon'ble HCD admitted both the applications and issued Rule (show cause). The arbitration applications are now pending for hearing before the Hon'ble HCD and hearing will take place as per accommodation of the Court.

(e) Dispute on benefits related to profit participation fund

Some former employees of Grameenphone have filed individual cases at Labour Court claiming benefits related to profit participation fund. Grameenphone is defending these cases at the Labour Court. Before any substantive hearing, Grameenphone is filing maintainability applications seeking dismissals of the cases. Further steps will be taken in due course of time based on the outcome.

46 Other disclosures

46.1 Segment information

Grameenphone essentially provides similar products and services to customers across the country and its products and services essentially have similar risk profile. Grameenphone's business is not organised in product or geographical components and its operating result is reviewed as a whole by its management. Hence, segment information is not relevant.

46.2 Events after the reporting period

The Board of Directors of Grameenphone Ltd. at its 252nd meeting held on 5 February 2024 recommended a final cash dividend amounting to BDT 16,878,750,275 being 125% of the paid-up capital (i.e. BDT 12.50 per share) for the year 2023. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.