Financial Statements 2021

ACNABIN
Chartered Accountants

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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 2021, 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 2021, 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. As stated in the same note, Grameenphone filed a Title Suit before the learned District Court against the BTRC Demand. On 17 October 2019, on a move 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 realization 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. 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 2021.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of 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.

<table>
<tr><th>Risk</th><th>Our Response to the Risk</th></tr>
<tr><td colspan="2">1. Regulatory matters</td></tr>
<tr><td>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.</td><td>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.</td></tr>
<tr><td>See note # 45 to the financial statements.</td><td></td></tr>
<tr><td colspan="2">2. Revenue recognition</td></tr>
<tr><td>Referring to note # 26 to the financial statements, Revenue of BDT 143.07 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.</td><td>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;
• 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.</td></tr>
</table>

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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 (b) to of 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 unauthorized access and unauthorize 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; • 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 Matter

The financial statements of the Company for the year ended 31 December 2020 were audited by A. Qasem & Co. Chartered Accountants, who expressed an unmodified opinion on those statements on 27 January 2021.

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 finalization 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 finalization, 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 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.

Dated, Dhaka

26 January 2022

ACNABIN, Chartered Accountants

Abu Sayed Mohammed Nayeem, FCA
Partner
ICAB Enrolment # 0353
DVC: 2201260353AS927497

Grameenphone Ltd.
Statement of financial position

As at 31 December 2021

	Notes	31 December 2021 BDT (000)	31 December 2020 BDT (000)
Assets			
Non-current assets			
Property, plant and equipment	4	60,387,950	56,901,192
Intangible assets	5	3,632,296	2,316,587
Right-of-use assets	6	62,533,832	53,532,673
Contract cost	8	6,035,958	4,934,438
Other non-current assets	9	20,549,067	20,568,456
Total non-current assets		**153,139,103**	**138,253,346**
Current assets			
Inventories	10	260,230	201,068
Trade receivables and others	11	6,858,686	7,131,165
Cash and cash equivalents	12	2,748,661	2,598,738
Total current assets		**9,867,577**	**9,930,971**
Total assets		**163,006,680**	**148,184,317**
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		28,520,886	30,749,942
Total equity		**49,878,558**	**52,107,614**
Non-current liabilities			
Lease liabilities	6	22,675,135	14,146,840
Deferred tax liabilities	17	3,425,488	3,350,834
Employee benefits	18	1,336,085	1,641,383
Other non-current liabilities	19	455,308	281,272
Total non-current liabilities		**27,892,016**	**19,420,329**
Current liabilities			
Trade payables and others	20	25,521,622	23,988,115
Provisions	21	15,703,449	14,402,559
Lease liabilities	6	9,445,609	6,328,697
Loans and borrowings	22	5,500,000	1,240,000
Current tax liabilities	23	25,603,868	24,870,650
Other current liabilities	24	3,414,334	5,690,023
Unclaimed dividend	25	47,224	136,330
Total current liabilities		**85,236,106**	**76,656,374**
Total equity and liabilities		**163,006,680**	**148,184,317**

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

Director

Director

Chief Executive Officer

Company Secretary

Dhaka, 26 January 2022

As per our report of same date.

ACNABIN
Chartered Accountants

Abu Sayed Mohammed Nayeem, FCA
Engagement Partner
ICAB Enrolment Number: 0353
DVC: 2201260353AS927497

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

For the year ended 31 December 2021

	Notes	2021 BDT (000)	2020 BDT (000)
Revenue	26	143,065,872	139,606,161
Cost of material and traffic charges	27	(9,604,705)	(8,812,905)
Salaries and personnel cost	28	(11,507,572)	(10,027,226)
Operation and maintenance	29	(5,550,948)	(4,984,745)
Sales, marketing and commissions	30	(13,341,089)	(11,771,112)
Revenue sharing and spectrum charges	31	(10,895,286)	(10,478,334)
Other operating (expenses)/income	32	(5,814,523)	(6,442,284)
Depreciation and amortisation	33	(23,016,177)	(23,649,950)
		(79,730,300)	(76,166,556)
Operating profit		**63,335,572**	**63,439,605**
Finance (expense)/income	34	(2,595,396)	(376,473)
Foreign exchange (loss)/gain		80,570	(262,226)
		(2,514,826)	(638,699)
Profit before tax		60,820,746	62,800,906
Income tax expense	35	(26,691,690)	(25,613,869)
Profit after tax		**34,129,056**	**37,187,037**
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan	18	166,647	(783,080)
Related taxes		(66,659)	313,232
		99,988	(469,848)
Total comprehensive income for the year		**34,229,044**	**36,717,189**
Earnings per share			
Basic earnings per share			
(per value BDT 10 each in BDT)	36	25.28	27.54

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

Director

Director

Chief Executive Officer

Company Secretary

As per our report of same date.

ACNABIN
Chartered Accountants

Abu Sayed Mohammed Nayeem, FCA
Engagement Partner
ICAB Enrolment Number: 0353
DVC: 2201260353AS927497

Dhaka, 26 January 2022

Grameenphone Ltd.
Statement of changes in equity

For the year ended 31 December 2021

	Share capital	Share premium	Capital reserve	Deposit from shareholders	Retained earnings	Total
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Balance as at 01 January 2020	**13,503,000**	**7,840,226**	**14,446**	**1,880**	**16,987,853**	**38,347,405**
Transfer of deposit from shareholder to other income:	-	-	-	(1,880)	-	(1,880)
Transactions with the equity holders:						
Final dividend for 2019	-	-	-	-	(5,401,200)	(5,401,200)
Interim dividend for 2020	-	-	-	-	(17,553,900)	(17,553,900)
Total comprehensive income for the year						
Profit for the year	-	-	-	-	37,187,037	37,187,037
Other comprehensive income/(loss)	-	-	-	-	(469,848)	(469,848)
Balance as at 31 December 2020	**13,503,000**	**7,840,226**	**14,446**	**-**	**30,749,942**	**52,107,614**
Balance as at 01 January 2021	**13,503,000**	**7,840,226**	**14,446**	**-**	**30,749,942**	**52,107,614**
Transactions with the equity holders:						
Final dividend for 2020	-	-	-	-	(19,579,350)	(19,579,350)
Interim dividend for 2021	-	-	-	-	(16,878,750)	(16,878,750)
Total comprehensive income for the year						
Profit for the year	-	-	-	-	34,129,056	34,129,056
Other comprehensive income/(loss)	-	-	-	-	99,988	99,988
Balance as at 31 December 2021	**13,503,000**	**7,840,226**	**14,446**	**-**	**28,520,886**	**49,878,558**

Grameenphone Ltd.
Statement of cash flows

For the year ended 31 December 2021

	2021 BDT (000)	2020 BDT (000)
Cash flows from operating activities		
Cash receipts from customers	143,040,757	139,628,379
Payroll and other payments to employees	(11,283,024)	(9,326,779)
Payments to suppliers, contractors and others	(45,982,703)	(64,683,697)
Interest received	140,460	376,627
Interest paid	(2,151,050)	(1,990,178)
Income tax paid	(25,950,477)	(30,432,387)
	(85,226,794)	(106,056,414)
Net cash generated from operating activities	**57,813,963**	**33,571,965**
Cash flows from investing activities		
Payment for acquisition of property, plant and equipment, Right-of-use and intangible assets	(19,050,944)	(11,423,892)
Proceeds from sale of property, plant and equipment	265,245	206,509
Net cash used in investing activities	**(18,785,699)**	**(11,217,383)**
Cash flows from financing activities		
Proceeds from short-term bank loan	4,260,000	1,240,000
Payment of long-term loan	-	(2,973,210)
Payment of dividend	(38,058,662)	(28,110,077)
Transfer of IPO subscription money to Capital Market Stabilisation Fund	(5,292)	-
Transfer of unclaimed dividend to Capital Market Stabilisation Fund	(114,403)	-
Payment of lease liabilities	(4,959,915)	(3,674,124)
Net cash used in financing activities	**(38,878,272)**	**(33,517,411)**
Net change in cash and cash equivalents	**149,992**	**(11,162,829)**
Cash and cash equivalents as at 01 January	**2,598,738**	**13,760,677**
Effect of exchange rate fluctuations on cash held	**(69)**	**890**
Cash and cash equivalents as at 31 December (Note 12)	**2,748,661**	**2,598,738**

Grameenphone Ltd.
Notes to the financial statements

For the year ended 31 December 2021

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 2021. 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 26 January 2022.

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 2021 will be declared by Finance Act 2022. For the purpose of these financial statements, management has assumed that the existing corporate tax rate (40%) will be applicable for Income Year 2021 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 2021.
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:

	2021 Years	2020 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:

	2021 Years	2020 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 license 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:

	2021	2020
	Years	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 upto 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 upto 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
2021	40%
2020	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 recognizes 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 recognized 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 recognized 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 capitalized but to the extent of connection revenue earned. These costs are amortized 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 2021

Name of assets	Cost				Depreciation & impairment					Carrying amount
	As at 01 January 2021	Additions during the year	Disposals/ Adjustments during the year	As at 31 December 2021	As at 01 January 2021	Charged during the year	Impairment during the year	Disposals/ Adjustments during the year	As at 31 December 2021	As at 31 December 2021
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Land (Note 4.1)	1,054,130	15,791	-	1,069,921	-	-	-	-	-	1,069,921
Building	4,051,020	13,462	-	4,064,482	2,002,027	217,910	-	-	2,219,937	1,844,545
Base station	135,337,861	11,223,584	(12,364,089)	134,197,356	92,854,211	9,815,757	-	(12,228,659)	90,441,309	43,756,047
Transmission equipment	21,537,389	1,453,255	(1,448,604)	21,542,040	18,897,972	642,067	3,135	(1,448,604)	18,094,570	3,447,470
Computers and other IT equipment	7,457,619	900,980	(25,744)	8,332,855	5,226,439	784,067	-	(22,935)	5,987,571	2,345,284
Furniture and fixtures (including office equipment)	2,845,757	40,052	-	2,885,809	2,546,324	130,752	-	-	2,677,076	208,733
Vehicles	1,032,658	173,678	(313,140)	893,196	599,240	100,183	-	(234,779)	464,644	428,552
	173,316,434	13,820,802	(14,151,577)	172,985,659	122,126,213	11,690,736	3,135	(13,934,977)	119,885,107	53,100,552
Capital work in progress (Note 4.2)	5,710,971	15,440,093	(13,863,666)	7,287,398	-	-	-	-	-	7,287,398
	179,027,405	**29,260,895**	**(28,015,243)**	**180,273,057**	**122,126,213**	**11,690,736**	**3,135**	**(13,934,977)**	**119,885,107**	**60,387,950**

31 December 2020

Name of assets	Cost				Depreciation & impairment					Carrying amount
	As at 01 January 2020	Additions during the year	Disposals/ Adjustments during the year	As at 31 December 2020	As at 01 January 2020	Charged during the year	Impairment during the year	Disposals/ Adjustments during the year	As at 31 December 2020	As at 31 December 2020
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Land (Note 4.1)	1,010,608	43,522	-	1,054,130	-	-	-	-	-	1,054,130
Building	4,046,376	4,644	-	4,051,020	1,804,327	197,700	-	-	2,002,027	2,048,993
Base station	134,166,845	6,724,915	(5,553,899)	135,337,861	87,852,157	10,555,920	-	(5,553,866)	92,854,211	42,483,650
Transmission equipment	33,368,535	670,586	(12,501,732)	21,537,389	29,106,971	2,292,733	-	(12,501,732)	18,897,972	2,639,417
Computers and other IT equipment	8,158,828	1,545,230	(2,246,439)	7,457,619	6,518,470	954,186	-	(2,246,217)	5,226,439	2,231,180
Furniture and fixtures (including office equipment)	2,933,258	103,091	(190,592)	2,845,757	2,565,090	166,919	-	(185,685)	2,546,324	299,433
Vehicles	1,494,650	157,621	(619,613)	1,032,658	990,262	100,802	-	(491,824)	599,240	433,418
	185,179,100	9,249,609	(21,112,275)	173,316,434	128,837,277	14,268,260	-	(20,979,324)	122,126,213	51,190,221
Capital work in progress (Note 4.2)	6,054,735	8,970,819	(9,314,583)	5,710,971	-	-	-	-	-	5,710,971
	191,233,835	**18,220,428**	**(30,426,858)**	**179,027,405**	**128,837,277**	**14,268,260**	**-**	**(20,979,324)**	**122,126,213**	**56,901,192**

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	2021	2020
	BDT (000)	BDT (000)
Land (Note 4.1)	15,791	43,522
Building	13,462	4,644
Base station	11,223,584	6,724,915
Transmission equipment	1,453,255	670,586
Computers and other IT equipment	900,980	1,545,230
Furniture and fixtures	40,052	103,091
Vehicles	173,678	157,621
	13,820,802	**9,249,609**

4.2.2 Capital work in progress - components

Capital work in progress as at 31 December 2021 included capital inventory of BDT 5,324,029,505 (2020: BDT 3,778,848,580) and work-in-progress of BDT 1,963,367,356 (2020: BDT 1,932,121,620).

4.3 Change in estimates

Useful lives of Lithium-ion batteries (Base station) and IT hardware (Computers & other IT equipment) have been increased to 7 years from 3 years and to 5 years from 4 years respectively based on technical assessment. Impact of such change on expected depreciation for the current and future years is as follows:

	2021	2022	2023	2024	2025	Later
	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000
Base Station	(673,558)	(129,275)	193,197	241,169	227,812	140,655
Computer & other IT equipment	(148,595)	(96,693)	72,939	109,511	62,837	-
	(822,154)	**(225,967)**	**266,136**	**350,680**	**290,649**	**140,655**

5. Intangible assets

31 December 2021

Name of assets	Cost				Amortisation & impairment					Carrying amount
	As at 01 January 2021	Additions during the year	Disposals/ Adjustments the year	As at 31 December 2021	As at 01 January 2021	Charged during the year	Impairment during the year	Disposals/ Adjustments during the year	As at 31 December 2021	As at 31 December 2021
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Software and others (Note 5.1)	12,697,021	1,569,238	-	14,266,259	10,941,210	700,590	347	-	11,642,147	2,624,112
	12,697,021	1,569,238	-	14,266,259	10,941,210	700,590	347	-	11,642,147	2,624,112
Capital work in progress (Note 5.3)	560,776	2,016,645	(1,569,237)	1,008,184	-	-	-	-	-	1,008,184
	13,257,797	**3,585,883**	**(1,569,237)**	**15,274,443**	**10,941,210**	**700,590**	**347**	**-**	**11,642,147**	**3,632,296**

31 December 2020

Name of assets	Cost				Amortisation & impairment					Carrying amount
	As at 01 January 2020	Additions during the year	Disposals/ Adjustments the year	As at 31 December 2020	As at 01 January 2020	Charged during the year	Impairment during the year	Disposals/ Adjustments during the year	As at 31 December 2020	As at 31 December 2020
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Software and others (Note 5.1)	11,490,298	1,207,680	(957)	12,697,021	9,906,438	1,035,729	-	(957)	10,941,210	1,755,811
	11,490,298	1,207,680	(957)	12,697,021	9,906,438	1,035,729	-	(957)	10,941,210	1,755,811
Capital work in progress (Note 5.3)	690,943	1,074,066	(1,204,233)	560,776	-	-	-	-	-	560,776
	12,181,241	**2,281,746**	**(1,205,190)**	**13,257,797**	**9,906,438**	**1,035,729**	**-**	**(957)**	**10,941,210**	**2,316,587**

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.

5.3 Change in estimates

Useful life of software (software & others) has been increased to 5 years from 3 years based on technical assessment. Impact of such change on expected amortisation for the current and future years is as follows:

	2021	2022	2023	2024	2025
	BDT'000	BDT'000	BDT'000	BDT'000	BDT'000
Software and others	(452,843)	(99,516)	250,678	239,729	61,952

6 Leases

A. Leases as lessee

Grameenphone leases land, rooftop, office & residential spaces, warehouse, tower infrastructure facilities and fiber 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 2021

Name of assets	Cost				Amortisation				Carrying amount
	As at 01 January 2021	Additions during the year	Disposal/ Adjustment during the year	As at 31 December 2021	As at 01 January 2021	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2021	As at 31 December 2021
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Fibre Optic Network	10,651,922	725,574	-	11,377,496	6,679,902	580,320	-	7,260,222	4,117,274
Telecom licence, annual licence renewal fees and spectrum	75,200,846	10,961,074	-	86,161,920	35,000,421	7,009,175	-	42,009,596	44,152,324
Base transceiver station - Green Field	1,325,522	590,767	(50,177)	1,866,112	303,710	322,687	(18,616)	607,781	1,258,331
Base transceiver station - Roof Top	4,239,319	241,570	(254,635)	4,226,254	1,369,290	754,591	(171,944)	1,951,937	2,274,317
Infrastructure sharing site	7,340,201	7,140,524	(414,883)	14,065,842	2,388,854	1,742,620	(414,883)	3,716,591	10,349,251
Office/residential space	823,047	98,535	(140,694)	780,888	306,007	211,976	(119,430)	398,553	382,335
	99,580,857	**19,758,044**	**(860,389)**	**118,478,512**	**46,048,184**	**10,621,369**	**(724,873)**	**55,944,680**	**62,533,832**

31 December 2020

Name of assets	Cost				Amortisation				Carrying amount
	As at 01 January 2020	Additions during the year	Disposal/ Adjustment during the year	As at 31 December 2020	As at 01 January 2020	Charged during the year	Disposal/ Adjustment during the year	As at 31 December 2020	As at 31 December 2020
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Fibre Optic Network	10,497,263	154,659	-	10,651,922	6,110,443	569,459	-	6,679,902	3,972,020
Telecom licence, annual licence renewal fees and spectrum	74,737,172	463,674	-	75,200,846	29,462,551	5,537,870	-	35,000,421	40,200,425
Base transceiver station - Green Field	805,335	519,912	275	1,325,522	161,070	142,925	(285)	303,710	1,021,812
Base transceiver station - Roof Top	3,215,050	1,014,730	9,539	4,239,319	684,012	730,985	(45,707)	1,369,290	2,870,029
Infrastructure sharing site	5,892,139	1,470,164	(22,102)	7,340,201	1,216,478	1,196,894	(24,518)	2,388,854	4,951,347
Office/residential space	714,671	152,266	(43,890)	823,047	198,543	167,828	(60,364)	306,007	517,040
	95,861,630	**3,775,405**	**(56,178)**	**99,580,857**	**37,833,097**	**8,345,961**	**(130,874)**	**46,048,184**	**53,532,673**

Right-of-use assets addition

Right-of-use assets addition for the year ended 31 December 2021 is BDT 19,759,160,000. BDT 3,473,879,000 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 16,285,281,000 will be paid when falls due and is classified as part of financing activities.

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 installments. 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 for BDT 12,849,500,000 and BDT 4,301,733,305 respectively. Grameenphone also obtained 4G/LTE Cellular Mobile Phone Services Operator License effective from 19 February 2018 from BTRC for BDT 100,000,000. 60% of the spectrum cost was paid at the time of acquisition whilst the rest 40% is payable in equal four installments within next 4 years. The above were recognised as intangible assets in accordance with IAS 38 Intangible Assets and measured at the cash equivalent price being the present value. The difference between total payment and the cash equivalent price is recognised as finance cost over the period of payment.

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

On 8 March 2021, Bangladesh Telecommunication Regulatory Commission (BTRC) conducted a Radio Frequency Auction for 2*7.4 MHz in 1800 MHz band and 2*15 MHz in 2100 MHz band to existing telecom operators. GP participated in that auction and secured 0.4 MHz in 1800 MHz band and 10MHz in 2100 MHz band effective from 9 April 2021 to 10 November 2026.

The total amount to be paid for the assigned spectrum is BDT 12,365,112,387 and 7.5% non-recoverable VAT to be added to this amount which leads to a total of BDT 13,292,495,816 including VAT. GP already paid BDT 3,323,123,954 and rest of the amount will be paid in 5 equal yearly instalments of BDT 1,993,874,372 (including VAT) starting from 9 April 2022 till 9 April 2026. GP also had to pay BDT 1,075,000 (including VAT) as application processing fee for participating in the auction.

The new spectrum has been capitalised on 9 April 2021 with ROU assets of BDT 11,075,869,777.

	2021	2020
ii) Lease liabilities	**BDT (000)**	**BDT (000)**
Lease liabilities - non-current portion	22,675,135	14,146,840
Lease liabilities - current portion	9,445,609	6,328,697
	32,120,744	20,475,537
iii) Amounts recognised in profit or loss		
Interest on lease liabilities	2,495,806	1,803,873
Expense relating to variable lease payments and short term leases not included in measurement of lease liabilities:		
Revenue sharing and spectrum charges	10,895,286	10,792,304
Fuel and energy costs	490,092	390,990
Short term lease	(10,112)	10,638
	13,871,072	**12,997,805**
iv) Amounts recognised in statement of cash flows		
Total cash outflow for right-of-use assets	9,804,745	5,457,324
Total cash outflow for right-of-use assets (VAT portion)	353,710	366,281
Total cash outflow for variable lease payment and short term leases	11,607,093	10,838,134

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 2021 and 31 December 2020.

8 Contract cost

	As at 31 December 2021	As at 31 December 2020
	BDT (000)	**BDT (000)**
Opening balance	4,934,438	4,480,157
Additions during the year	3,617,429	2,653,445
Amortisation during the year	(2,515,909)	(2,199,164)
	6,035,958	**4,934,438**

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 2021	As at 31 December 2020
	BDT (000)	**BDT (000)**
Appeal deposits	532,910	552,299
Deposit to BTRC (Note 9.1)	20,000,000	20,000,000
Security deposits for utility services and other investments	16,157	16,157
	20,549,067	**20,568,456**

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 2021 BDT (000)	As at 31 December 2020 BDT (000)
Handset, data card and other devices	19,508	53,122
SIM card	206,160	122,694
Scratch card	34,562	25,252
	260,230	**201,068**

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 2020 (Gross)	105,205	149,928	16,763
Purchase	75,026	345,168	164,738
Issue	(105,671)	(349,784)	(154,624)
	74,560	145,312	26,877
Adjustment/write-off	(21,438)	(22,618)	(1,625)
Balance as at 31 December 2020 (Net)	**53,122**	**122,694**	**25,252**
Balance as at 1 January 2021 (Gross)	74,560	145,312	26,877
Purchase	340,378	496,360	184,110
Issue	(357,843)	(411,844)	(174,798)
	57,095	229,828	36,189
Adjustment/write-off	(37,587)	(23,668)	(1,627)
Balance as at 31 December 2021 (Net)	**19,508**	**206,160**	**34,562**

10.2 Number of inventories

	As at 31 December 2021 Units	As at 31 December 2020 Units
Handset, data card and other device	26,072	40,016
SIM card	13,235,465	7,391,480
Scratch card	277,343,948	194,400,785

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 2021 BDT (000)	As at 31 December 2020 BDT (000)
Trade receivables		
Trade receivables, gross	6,560,774	6,762,952
Impairment loss allowance	(1,696,308)	(1,741,410)
	4,864,466	**5,021,542**
Other receivables		
Receivables from employees	30,156	1,175
Other non-interest-bearing receivables	1,620,338	1,892,978
Impairment loss allowance	(116,481)	(297,804)
	1,534,013	**1,596,349**
Other non-financial assets		
Prepaid expenses	460,207	513,274
	460,207	**513,274**
Total trade receivables and others	**6,858,686**	**7,131,165**
12 Cash and cash equivalents		
Cash in hand	77,136	78,141
Cash at bank	2,671,525	2,520,597
	2,748,661	**2,598,738**

12.1 Restricted cash balance

Cash at bank as at reporting date includes BDT 45,669,564 (2020: BDT 52,593,221) 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 47,222,066 (2020: BDT 136,329,943) equivalent to dividend unclaimed amount (principal portion), BDT 1,675,323 (2020: BDT 6,970,321) equivalent to unclaimed IPO subscription amount (principal portion) and BDT 3,005,343 (2020: Nil) equivalent to accrued interest on unclaimed dividend and IPO subscription amount.

Grameenphone transferred principal portion of unclaimed/undistributed/unsettled cash dividend of BDT 114,402,723 and principal portion of unclaimed IPO subscription amount of BDT 5,292,000 to the Capital Market Stabilisation Fund on 29 August 2021. Furthermore, Grameenphone transferred net interest received in 2021 on unclaimed dividend and IPO subscription amount of BDT 83,013 to the Capital Market Stabilization Fund in December 2021.

13 Net asset value per share

	As at 31 December 2021 BDT	As at 31 December 2020 BDT
Net Asset (BDT)	49,878,558,000	52,107,614,000
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)	**36.94**	**38.59**

14 Share capital

	As at 31 December 2021 BDT (000)	As at 31 December 2020 BDT (000)
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		Value of shares (BDT)		Date of issue/ Transfer of Shares
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020	
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
	100%	**100%**	**13,503,000,220**	**13,503,000,220**	

A total of 430 shares had been transferred to Telenor Mobile Communications AS, Norway from Nye Telenor Mobile Communications II AS, Norway and Nye Telenor Mobile Communications III AS, Norway. Further, another 215 shares had been reclassified under institutional shareholders from Telenor Asia Pte Ltd., Singapore as per regulatory direction. In the financial statements of 2020, shares of Grameen Kalyan Bangladesh and Grameen Shakti, Bangladesh had been presented under institutional shareholders.

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

Shareholding range	No. of shareholders As at 31 December 2021	No. of shareholders As at 31 December 2020	No. of shares As at 31 December 2021	No. of shares As at 31 December 2020
1-500	23,985	22,931	3,992,372	4,269,788
501-5,000	4,857	5,475	7,948,098	8,834,026
5,001-10,000	472	495	3,434,998	3,608,406
10,001-20,000	245	259	3,493,533	3,649,396
20,001-30,000	112	88	2,797,971	2,199,488
30,001-40,000	53	54	1,894,072	1,894,561
40,001-50,000	31	28	1,403,462	1,294,514
50,001-100,000	93	90	6,472,840	6,366,353
100,001-1,000,000	108	125	33,204,184	38,393,777
1,000,001-1,000,000,000	23	17	1,285,658,492	1,279,789,713
	29,979	**29,562**	**1,350,300,022**	**1,350,300,022**

15 Share premium

Total amount of BDT 8,384,003,437 was received 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:

As at 31 December 2021	Carrying amount BDT (000)	Tax base BDT (000)	Taxable/(deductible) temporary difference BDT (000)
Property, plant and equipment (excluding land and CWIP (Note 4))	52,030,626	33,426,705	18,603,921
Difference for vehicle (Note 17.1)	(103,456)	-	(103,456)
			18,500,465
Right of use assets (Note 6)	62,533,832	34,592,265	27,941,567
Trade receivables (Note 11)	(1,812,789)	-	(1,812,789)
Lease liabilities including current portion (Note 6)	(32,852,681)	-	(32,852,681)
Other current liabilities (profit sharing plan)	(303,136)	-	(303,136)
Employee benefit plans including obligation under voluntary retirement scheme (funded)	(2,666,738)	-	(2,666,738)
Contract acquisition cost (deferred)	-	-	-
Recoverable income tax on certain aged trading liability	(242,969)	-	(242,969)
Net taxable temporary difference			8,563,719
Net deferred tax liability @40% tax rate (Note 3.12)			**3,425,488**

As at 31 December 2020	Carrying amount BDT (000)	Tax base BDT (000)	Taxable/(deductible) temporary difference BDT (000)
Property, plant and equipment (excluding land and CWIP (Note 4))	50,136,088	33,946,437	16,189,651
Difference for vehicle (Note 17.1)	(127,168)	-	(127,168)
			16,062,483
Right of use assets (Note 6)	53,532,674	35,451,660	18,081,014
Trade receivables (Note 11)	(2,039,214)	-	(2,039,214)
Lease liabilities including current portion (Note 6)	(20,953,301)	-	(20,953,301)
Other current liabilities (profit sharing plan)	(314,004)	-	(314,004)
Employee benefit plans including obligation under voluntary retirement scheme (funded)	(2,524,163)	-	(2,524,163)
Contract acquisition cost (deferred)	270,313	-	270,313
Recoverable income tax on certain aged trading liability	(206,043)	-	(206,043)
Net taxable temporary difference			8,377,085
Net deferred tax liability @40% tax rate (Note 3.12)			**3,350,834**

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 Ordinance 1984, depreciation on such cars is allowed only up to certain limit of cost (currently BDT 2.5 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 2021 includes net deferred tax asset of BDT 506,531,141 (2020: BDT 573,189,894) 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 2021 BDT (000)	As at 31 December 2020 BDT (000)
Amounts recognized in the statement of financial position		
Defined benefit obligation	(5,536,139)	(5,738,813)
Fair value of plan assets	4,200,054	4,097,430
Net defined benefit obligation	**(1,336,085)**	**(1,641,383)**
Change in benefit obligation		
Benefit obligation at end of prior year	(5,738,813)	(4,007,132)
Service cost	(400,372)	(331,062)
Interest expense	(298,440)	(326,398)
Benefit payments from plan assets	710,252	227,414
Remeasurements due to change in demographic assumptions	-	(25,013)
Remeasurements due to change in financial assumptions	250,999	(1,109,357)
Remeasurements due to experience adjustments	(59,765)	(167,265)
Defined benefit obligation at end of year	**(5,536,139)**	**(5,738,813)**
Change in fair value of plan assets		
Fair value of plan assets at end of prior year	4,097,430	3,070,429
Interest income	194,663	232,324
Employer contributions	642,800	503,536
Benefit payments from plan assets	(710,252)	(227,414)
Remeasurements for return on assets (excluding interest income)	(24,587)	518,555
Fair value of plan assets at end of year	**4,200,054**	**4,097,430**
Fair value of plan assets		
Cash and cash equivalents	836,115	714,587
Debt instruments	3,363,939	3,382,843
Total	**4,200,054**	**4,097,430**
Components of Defined Benefit Cost (DBO)		
Service cost	400,372	331,062
Interest expense on DBO	298,440	326,398
Interest (income) on plan assets	(194,663)	(232,324)
Defined benefit cost included in profit or loss	**504,149**	**425,136**
Remeasurements (recognized in other comprehensive income (OCI))		
Due to change in demographic assumptions	-	25,013
Due to change in financial assumptions	(250,999)	1,109,357
Due to change in experience adjustments	59,765	167,265
(Return) on plan assets (excl. interest income)	24,587	(518,555)
Total remeasurements in OCI	**(166,647)**	**783,080**
Total defined benefit cost recognized in profit or loss and OCI	**337,502**	**1,208,216**
Net defined benefit liability (asset) reconciliation		
Opening balance of net defined benefit liability (asset)	1,641,383	936,703
Defined benefit cost included in profit or loss	504,149	425,136
Net settlement payment from plan assets	-	-
Total remeasurements included in OCI	(166,647)	783,080
Employer contributions	(642,800)	(503,536)
Net defined benefit liability (asset) as of end of year	**1,336,085**	**1,641,383**

	As at 31 December 2021 BDT (000)	As at 31 December 2020 BDT (000)
Expected cash flows for following year		
Expected employer contributions	928,188	417,142
Expected total benefit payments		
Year 1	928,188	926,513
Year 2	583,646	581,570
Year 3	595,554	597,858
Year 4	607,948	609,487
Year 5	630,457	621,773
Next 5 years	3,199,470	3,232,241
Significant actuarial assumptions		
Discount rate in %	6.4%	5.7%
Future salary growth in %	8.5%	8.5%
Future turnover in %		
Up to age 30	12.5%	12.5%
Age 31-45	12.5%	12.5%
Above 45	12.5%	12.5%
Average remaining working lives of employees	8 years	8 years

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 2021		As at 31 December 2020	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Discount rate in %	(267,544)	76,241	(293,431)	87,643
Future salary growth in %	59,949	(253,898)	68,985	(277,871)

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 2021 BDT (000)	As at 31 December 2020 BDT (000)
Asset retirement obligations (Note 19.1)	349,735	151,400
Other non-current liabilities	105,573	129,872
	455,308	**281,272**

19.1 Asset retirement obligations (ARO)

Opening balance	151,400	152,391
Provision made during the year	201,621	2,305
	353,021	154,696
Provision released during the year	(2,818)	(2,383)
Paid during the year	(468)	(913)
Closing balance	**349,735**	**151,400**

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 2021 BDT (000)	As at 31 December 2020 BDT (000)
Financial liabilities		
Trade payables including liability for capital expenditure	12,458,906	10,033,121
Accrued expenses	5,757,060	6,649,806
Indirect taxes	1,862,224	1,831,080
	20,078,190	**18,514,007**
Other non-financial liabilities		
Deferred connection revenue	6,514	13,805
Unearned revenue	5,436,918	5,460,303
	5,443,432	**5,474,108**
Total trade payables and others	**25,521,622**	**23,988,115**

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 BTRC revenue share, annual operating licence fee, office running, other operational expenses and capital expenditure.

During 2020 Grameenphone reversed provisions of BDT 2,450,811,484 as a result of dispute settlement.

22 Loans and borrowings

This includes short-term bank loan of BDT 5,500,000,000 (2020: BDT 1,240,000,000).

23 Current tax liabilities

	As at 31 December 2021 BDT (000)	As at 31 December 2020 BDT (000)
Movement of current tax liabilities is shown as below:		
Opening balance	24,870,650	28,137,225
Provision made during the year including transactions for other comprehensive income	26,662,291	28,407,143
	51,532,941	56,544,368
Paid during the year (incl. tax deducted at source)	(25,950,477)	(30,432,387)
Provision released during the year	21,404	(1,241,331)
Closing balance	**25,603,868**	**24,870,650**

24 Other current liabilities

Accruals for profit sharing plan	303,136	314,004
Payable for bills pay receipts	144,270	328,603
Security deposits from subscribers and channel partners	571,749	566,584
Dividend payable	-	1,625,698
Others	2,395,179	2,855,134
	3,414,334	**5,690,023**

25 Unclaimed dividend

Bangladesh Securities and Exchange Commission (BSEC) issued a Directive dated 14 January 2021, official gazette of the Bangladesh Securities and Exchange Commission (Capital Market Stabilization 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 a newly established fund named "Capital Market Stabilisation Fund" within 30 August 2021.

In compliance with the said instruction Grameenphone transferred the principal amount of unclaimed/undistributed/unsettled cash dividend of BDT 114,402,723 to the fund on 29 August 2021.

26 Revenue

	2021	2020
	BDT (000)	BDT (000)
The following is an analysis of revenue for the year:		
Revenue from contract with customers (Note 26.1)	141,323,884	138,036,441
Lease revenues	1,741,988	1,569,720
	143,065,872	**139,606,161**

26.1 Disaggregation of revenue from contract with customers

	2021	2020
Type of goods/ services		
Revenue from mobile communication (Note 26.2)	140,865,753	137,760,475
Revenue from customer equipment (Note 26.3)	248,984	130,928
Other revenues (Note 26.4)	209,147	145,038
	141,323,884	**138,036,441**
Type of subscription		
Prepaid	134,647,923	131,289,340
Contract	6,217,830	6,471,135
Other	458,131	275,966
	141,323,884	**138,036,441**
Type of customer		
Consumer	124,798,760	121,622,800
Business	16,525,124	16,413,641
	141,323,884	**138,036,441**

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

	2021	2020
	BDT (000)	BDT (000)
Traffic charges	8,025,139	7,488,776
Cost of materials and services	1,579,566	1,324,129
	9,604,705	**8,812,905**

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 2,949,817,544 (2020: BDT 968,187,004) for restructuring expense during the year and BDT 3,128,593,144 (2020: BDT 864,760,346) has been transferred during the year. The WPPF expense for the year ended 2021 is BDT 3,031,357,182 (2020: BDT 3,140,044,029) and BDT 2,848,624,199 (2020: BDT 3,123,915,567) 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 1,636 as at 31 December 2021 and 2,086 as at 31 December 2020.

29 Operation and maintenance

	2021	2020
	BDT (000)	BDT (000)
Service maintenance fee	3,458,783	3,203,648
Vehicle maintenance expense	246,209	112,455
Other operation and maintenance	1,845,956	1,668,642
	5,550,948	**4,984,745**

Service maintenance fee includes costs related to operation and maintenance of serviceability of mobile communication network.

30 Sales, marketing and commissions

	2021	2020
	BDT (000)	BDT (000)
Sales, marketing and representation costs (Note 30.1)	638,302	561,742
Advertisement expenses	1,198,853	1,144,092
Promotional expenses (Note 30.2)	163,794	121,785
Commissions	11,340,140	9,943,493
	13,341,089	**11,771,112**

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

30.2 Promotional expense has 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)

	2021	2020
	BDT (000)	BDT (000)
Consultancy and professional services (Note 32.1)	712,022	877,084
Statutory audit fees	3,000	3,000
Rental expense for property, plant and equipment	187,151	304,535
Fuel and energy costs	3,966,933	3,736,751
Impairment loss on trade receivables (Note 32.2)	(2,385)	464,313
Rental and other income	(381)	(200,609)
(Gain)/loss on disposal of assets	(167,978)	11,707
Others (Note 32.3)	1,116,161	1,245,503
	5,814,523	**6,442,284**

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 receivables

	2021	2020
	BDT (000)	BDT (000)
Allowance for impairment of trade receivables during the year (Note 39.1.3)	27,788	500,057
Recovery of impaired trade receivables during the year	(30,173)	(35,744)
	(2,385)	**464,313**

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. Other operating expenses include COVID-19 related CSR expenses of BDT 60,500,000 for the year (2020: BDT 317,266,100).

33 Depreciation and amortisation

	2021 BDT (000)	2020 BDT (000)
Property, plant and equipment	11,693,871	14,268,260
Intangible assets	700,937	1,035,729
Right-of-use assets	10,621,369	8,345,961
	23,016,177	**23,649,950**

34 Finance expense/(income)

	2021 BDT (000)	2020 BDT (000)
Interest income	(147,881)	(376,627)
Interest expense	87,206	(1,245,125)
Net interest cost on defined benefit obligation	103,776	94,075
Interest expenses on lease liabilities	2,495,806	1,803,873
Other finance expenses	56,489	100,277
	2,595,396	**376,473**

35 Income tax expense

	2021 BDT (000)	2020 BDT (000)
Current tax expense		
Income tax expense for the year	26,662,291	28,407,143
Adjustments/provision released during the year	21,404	(1,241,332)
	26,683,695	**27,165,811**
Deferred tax expense/(income)		
Deferred tax expense/(income) relating to origination and reversal of temporary differences	7,995	(1,551,942)
	26,691,690	**25,613,869**

35.1 Reconciliation of effective tax rate

	2021 Percentage	2021 BDT (000)	2020 Percentage	2020 BDT (000)
Profit before tax		60,820,746		62,800,906
Tax using the Company's tax rate	40.00%	24,328,298	40.00%	25,120,362
Tax effect of:				
Provision for non-deductible expenses	3.87%	2,356,472	2.96%	1,859,458
Adjustments / provision released during the year	-0.01%	(3,853)	-2.18%	(1,370,852)
Other components of tax as per Income Tax Ordinance 1984	0.00%	-	0.00%	2
Permanent difference as per Income Tax Ordinance 1984	0.02%	10,773	0.01%	4,899
	43.89%	**26,691,690**	**40.79%**	**25,613,869**

36 Earnings per share

	2021 BDT (000)	2020 BDT (000)
Profit for the year (in BDT)	34,129,056,000	37,187,037,000
Weighted average number of shares (Note 36.1)	1,350,300,022	1,350,300,022
Basic earnings per share (in BDT)	25.28	27.54

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

	2021	2020
	BDT (000)	BDT (000)
Profit after tax	34,129,056	37,187,037
Income tax expense	26,691,690	25,613,869
Profit before tax	60,820,746	62,800,906
Adjustment for:		
Depreciation & amortisation	23,016,177	23,649,950
(Gain)/loss on sale of fixed assets	(167,978)	11,707
Finance expense/(income), net	2,595,396	376,473
Other adjustments	(1,665,204)	(19,721,809)
	84,599,137	67,117,227
Changes in:		
Inventories	(59,162)	24,373
Trade receivables and others	272,479	(118,112)
Trade payables and others	1,359,711	1,694,582
Provisions	252,856	(3,581,842)
Other current liabilities	(649,991)	481,675
Cash generated from operating activities	85,775,030	65,617,903
Interest received	140,460	376,627
Interest paid	(2,151,050)	(1,990,178)
Income tax paid	(25,950,477)	(30,432,387)
Net cash generated from operating activities	**57,813,963**	**33,571,965**

38 Net operating cash flow per share

	2021	2020
	BDT	BDT
Net operating cash flow (BDT)	57,813,963,000	33,571,965,000
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)	**42.82**	**24.86**

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. Minimizing 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 2021 BDT (000)	As at 31 December 2020 BDT (000)
Trade receivables (Note 11)	4,864,466	5,021,542
Other current receivables (Note 11)		
Receivables on Employees - Non-Interest Bearing	30,156	1,175
Other non-interest-bearing receivables	1,503,857	1,595,174
	1,534,013	1,596,349
Cash at bank (Note 12)	2,671,525	2,520,597
	9,070,004	**9,138,488**

39.1.2 Trade receivables, gross

This included interconnection receivables of BDT 3,211,378 as at 31 December 2021 (2020: BDT 2,909,255). The ageing of gross interconnection receivables as at the statement of financial position date was:

	As at 31 December 2021 BDT (000)	As at 31 December 2020 BDT (000)
Not past due	1,186,803	1,133,723
0-30 days past due	28,661	55,205
31-60 days past due	133,798	22,161
61-90 days past due	24,223	12,259
91-180 days past due	132,137	33,356
181-365 days past due	40,995	42,360
over 365 days past due	1,664,761	1,610,191
	3,211,378	**2,909,255**

Other trade receivables (other than receivable from interconnection) as at 31 December 2021 was BDT 3,349,396 (2020: BDT 3,853,696) The ageing of other trade receivables as at the statement of financial position date was:

	As at 31 December 2021 BDT (000)	As at 31 December 2020 BDT (000)
Not past due	1,365,162	1,668,493
0-30 days past due	782,739	1,258,825
31-60 days past due	233,036	158,652
61-90 days past due	107,042	69,718
91-180 days past due	205,312	119,697
181-365 days past due	212,045	201,010
over 365 days past due	444,060	377,301
	3,349,396	**3,853,696**

Total not past due trade receivables (gross) as at 31 December 2021 includes receivables of BDT 444,204,412 (2020: BDT 425,689,187) from customers against whom receivables of BDT 1,647,791,486 (2020: BDT 1,590,309,746) became over 365 days past due and provision for bad debt of BDT 1,469,072,672 (2020: BDT 1,472,308,306) provided 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 receivables during the year was as follows:

	As at 31 December 2021 BDT (000)	As at 31 December 2020 BDT (000)
Opening balance	2,039,214	1,763,119
Net remeasurement of loss allowance	27,788	500,057
	2,067,002	2,263,176
Amounts written off	(254,213)	(223,962)
Closing balance	**1,812,789**	**2,039,214**

39.1.4 Security against trade receivables

	As at 31 December 2021 BDT (000)	As at 31 December 2020 BDT (000)
Good and secured	571,749	588,356
Good with personal security/unsecured	4,292,717	4,433,186
Impaired	1,696,308	1,741,410
Gross trade receivables	6,560,774	6,762,952
Impairment loss allowance	(1,696,308)	(1,741,410)
Trade receivables, net	**4,864,466**	**5,021,542**

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 2021 BDT (000)	As at 31 December 2020 BDT (000)
Domestic	4,836,644	4,918,570
Asia	14,403	19,009
Europe	11,456	79,907
Australia	26	28
America	1,882	3,913
Africa	55	115
	4,864,466	**5,021,542**

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 minimizes 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 2021

	Carrying amount BDT (000)	Maturity date	Nominal Interest rate	Contractual Cash flows BDT (000)	6 months or less BDT (000)	6-12 months BDT (000)	1-2 years BDT (000)	2-5 years BDT (000)	More than 5 years BDT (000)
Lease liabilities (including current portion)	32,120,744	Multiple	7.1% -15%	40,012,657	6,341,429	5,060,165	7,169,578	16,307,006	5,134,478
Loans and borrowings - short-term	5,500,000	January 2022	2%-3.25%	5,500,000	5,500,000	-	-	-	-
Trade payables and others									
Trade payables including liability for capital expenditure	12,458,906	December 2022	N/A	12,458,906	5,152,273	7,306,633	-	-	-
Accrued expenses	5,757,060	December 2022	N/A	5,757,060	4,118,127	1,638,933	-	-	-
Other current liabilities	3,414,334	December 2022	N/A	3,414,334	2,695,593	718,741	-	-	-
Unclaimed dividend	47,224	December 2022	N/A	47,224	-	47,224	-	-	-
	59,298,268			**67,190,181**	**23,807,422**	**14,771,696**	**7,169,578**	**16,307,006**	**5,134,478**

As at 31 December 2020

	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)	20,475,537	Multiple	8.75% -15%	26,226,230	3,362,714	4,380,615	5,175,332	10,473,648	2,833,921
Loans and borrowings - short-term	1,240,000	January 2021	3%	1,240,000	1,240,000	-	-	-	-
Trade payables and others									
Trade payables including liability for capital expenditure	10,033,121	December 2021	N/A	10,033,121	7,139,247	2,893,874	-	-	-
Accrued expenses	6,649,806	December 2021	N/A	6,649,806	5,402,042	1,247,764	-	-	-
Other current liabilities	5,690,023	December 2021	N/A	5,690,023	3,728,853	1,961,170	-	-	-
Unclaimed dividend	136,330	December 2021	N/A	136,330	-	136,330	-	-	-
	49,724,817			**55,475,510**	**26,372,855**	**10,619,754**	**5,175,332**	**10,473,648**	**2,833,921**

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 2021					As at 31 December 2020				
	USD	NOK	GBP	EUR	JPY	USD	NOK	GBP	EUR	JPY
Foreign currency denominated assets										
Receivables from Telenor entities	243,640	-	-	-	-	577,352	-	-	-	-
Receivables	68,765	-	-	-	-	94,709	-	-	-	-
Cash at bank	1,455,921	-	-	-	-	968,556	-	-	-	-
	1,768,326	-	-	-	-	1,640,617	-	-	-	-
Foreign currency denominated liabilities										
Payables to others Telenor entities*	(2,215,997)	(6,797,869)	-	(882)	-	(1,891,736)	(5,795,317)	-	(947)	-
Trade payables and others	(296,282)	-	-	(62,789)	(749)	(425,350)	-	-	(67,375)	(1,032)
	(2,512,279)	(6,797,869)	-	(63,671)	(749)	(2,317,086)	(5,795,317)	-	(68,322)	(1,032)
Net exposure	**(743,953)**	**(6,797,869)**	**-**	**(63,671)**	**(749)**	**(676,468)**	**(5,795,317)**	**-**	**(68,322)**	**(1,032)**

* 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 2021	31 December 2020
	BDT (000)	BDT (000)
US Dollar (USD)	85.74	84.58
Norwegian Kroner (NOK)	9.72	9.93
Great Britain Pound (GBP)	115.76	115.51
EURO (EUR)	97.09	104.18
Japanese Yen (JPY)	0.75	0.82

39.3 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 2021				
Expenditures denominated in USD	(74,395)	74,395	(74,395)	74,395
Expenditures denominated in NOK	(679,787)	679,787	(679,787)	679,787
Expenditures denominated in GBP	-	-	-	-
Expenditures denominated in EURO	(6,367)	6,367	(6,367)	6,367
Expenditures denominated in JPY	(75)	75	(75)	75
Exchange rate sensitivity	**(760,624)**	**760,624**	**(760,624)**	**760,624**
31 December 2020				
Expenditures denominated in USD	(67,647)	67,647	(67,647)	67,647
Expenditures denominated in NOK	(579,532)	579,532	(579,532)	579,532
Expenditures denominated in GBP	-	-	-	-
Expenditures denominated in EURO	(6,832)	6,832	(6,832)	6,832
Expenditures denominated in JPY	(103)	103	(103)	103
Exchange rate sensitivity	**(654,114)**	**654,114**	**(654,114)**	**654,114**

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 2021, the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	As at 31 December 2021 BDT (000)	As at 31 December 2020 BDT (000)
Floating rate instruments		
Financial liabilities		
Loans and borrowings	5,500,000	1,240,000

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 2021 BDT (000)	As at 31 December 2020 BDT (000)
Financial assets		
Financial assets at amortized cost		
Trade receivables	4,864,466	5,021,542
Other receivables	1,534,013	1,596,349
Financial liabilities		
Other financial liabilities		
Lease liabilities	32,120,744	20,475,537
Trade payables and others (except other non-financial liabilities)	20,078,190	18,514,007
Loans and borrowings - short-term	5,500,000	1,240,000
Other current liabilities	3,414,334	5,690,023
Unclaimed dividend	47,224	136,330

* 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:

	2021	2020
Lease liabilities	10.48%	8.75%
Liability for spectrum acquisition	8.71%	8.50%
Loans and borrowings		
Local	3%	3%

*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 2021.

41 Related party disclosures

During the year ended 31 December 2021, 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

	2021	2020
	BDT (000)	BDT (000)
Short term employee benefits	727,406	669,648
Post employment benefits	128,933	77,145
Other long term benefits	20,517	25,380
	876,856	**772,173**

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 2021, attendance fees in connection with Board and Board Sub-Committee meetings are BDT 1,089,200 (2020: BDT 753,931).

41.2 Debts due from and due to key management personnel

Attendance fees of Board of Directors which are not yet paid, includes BDT 41,972 as at 31 December 2021 (2020: BDT 169,900). Other than that BDT 25,800,000 was due from and BDT 24,507,925 due to key management personnel of the Company.

Key management personnel of Grameenphone, may use mobile communication services of Grameenphone. These services may be charged on the arm's length basis after a certain usage limit and trade receivables and others may include receivables for providing mobile communication services to them.

41.3 Other related party transactions during the year

Name of related parties	Nature	Nature of transactions	2021 BDT (000)	2020 BDT (000)
Telenor Mobile Communications AS	Shareholder	Dividend payment	21,967,718	17,962,918
Telenor Asia Pte. Ltd.	Shareholder	Dividend payment	6	3
Grameen Telecom	Shareholder	Dividend payment	12,467,693	7,850,028
		Commission expense	137,318	205,649
		Connection revenue	-	(2,350)
Grameen Kalyan	Shareholder	Dividend payment	0.6	0.3
Grameen Shakti	Shareholder	Dividend payment	0.6	0.3
Telenor ASA	Telenor group entity	Consultancy, professional and technical support service fee	1,024,246	925,338
Telenor Global Services AS	Telenor group entity	Consultancy, professional and technical support service fee	56,842	55,346
		A2P project revenue and professional service fee	(1,016,982)	(636,026)
Telenor Global Shared Services AS	Telenor group entity	Consultancy, professional and technical support service fee	262,024	332,608
Telenor Go Pte Ltd.	Telenor group entity	Consultancy, professional and technical support service fee including compensation of key management personnel where relevant	171,831	239,218
Telenor Digital AS	Telenor group entity	Consultancy, professional and technical support service fee	79,298	(21,708)
Grameen Telecom Trust	Grameenphone's board members nominated by Grameen Telecom are trustee of the entity	Cost of service fee	87,265	40,080
Telenor Procurement Company	Telenor group entity	Consultancy, professional and technical support service fee	687,619	450,803
		Software acquisition cost	138,291	199,044
Telenor Norway	Telenor group entity	Roaming revenue net of discount	(47)	(267)
		Roaming cost net of discount	10	44
Telenor Sweden	Telenor group entity	Roaming revenue net of discount	(44)	(132)
		Roaming cost net of discount	8	17
Telenor Denmark	Telenor group entity	Roaming revenue net of discount	(387)	(319)
		Roaming cost net of discount	8	111
Telenor Pakistan	Telenor group entity	Roaming revenue net of discount	(0)	(7)
		Roaming cost net of discount	14	27
		Consultancy Fees	1,615	-

41.3 Other related party transactions during the year

Name of related parties	Nature	Nature of transactions	2021 BDT (000)	2020 BDT (000)
Telenor Myanmar	Telenor group entity	Roaming revenue net of discount	(100)	(12)
		Roaming cost net of discount	2	33
		Consultancy Fees		116
Dtac Thailand	Telenor group entity	Roaming revenue net of discount	(602)	(96)
		Roaming cost net of discount	179	885
Digi Malaysia	Telenor group entity	Roaming revenue net of discount	(416)	(3,314)
		Roaming cost net of discount	38	245
Telenor Norge AS	Joint venture of Telenor group	Consultancy, professional and technical support service fee	298,326	291,407
Grameen Distribution	Related to Grameen Telecom through Grameen Telecom Trust	Cost of products	-	81
		Purchase of handsets	-	-
Grameen Communication	Related to Grameen Telecom	Software solution and maintenance	253	78
Snehasish Mahmud & Co.	Associated entity of a member of Board of Directors	Consultancy, professional and technical support service fee	851	411
DiGi Telecommunications Sdn Bhd	Telenor group entity	Consultancy, professional and technical support service fee	(501)	14,848
Telenor Connexion AB	Telenor group entity	Consultancy, professional and technical support service fee	-	885

41.4 Receivables/(payables) with other related parties

Name of related parties	Nature	Nature of transactions	As at 31 December 2021 BDT (000)	As at 31 December 2020 BDT (000)
Telenor Mobile Communications AS	Shareholder	Dividend payable	-	(1,625,698)
Grameen Telecom	Shareholder	Accounts receivable	5	5
		Accounts payable	(200)	(200)
Accenture Communications Infrastructure Solutions Ltd.	Associate	Accounts receivable	5,084	5,084
		Accounts payable	(6,360)	(6,360)
Telenor ASA	Telenor group entity	Accounts receivable	60,396	47,502
		Accounts payable	(4,463,496)	(3,763,750)
Telenor Consult AS	Telenor group entity	Accounts payable	(1,849)	(2,021)
Telenor Global Services AS	Telenor group entity	Accounts receivable	90,061	127,130
		Accounts payable	(159,915)	(127,903)
Telenor Global Shared Services AS	Telenor group entity	Accounts payable	(1,224,458)	(1,153,765)
Telenor Go Pte Ltd	Telenor group entity	Accounts receivable	74,057	77,034
		Accounts payable	(179,087)	(239,134)
Telenor Digital AS	Telenor group entity	Accounts receivable	7,864	181,514
		Accounts payable	(409,379)	(693,603)
Telenor Procurement Company	Telenor group entity	Accounts receivable	256	-
		Accounts payable	(1,448,499)	(860,580)
Telenor Norge AS	Telenor group entity	Accounts receivable	195	853
		Accounts payable	(971,143)	(687,740)
Telenor Sweden	Telenor group entity	Accounts receivable	3	7
		Accounts payable	(0)	(1)

41.4 Receivables/(payables) with other related parties

Name of related parties	Nature	Nature of transactions	As at 31 December 2021 BDT (000)	As at 31 December 2020 BDT (000)
Telenor Denmark	Telenor group entity	Accounts receivable	42	16
		Accounts payable	(1)	(0)
Telenor Pakistan	Telenor group entity	Accounts receivable	833	0
		Accounts payable	(947)	(2)
Telenor Myanmar	Telenor group entity	Accounts receivable	8	9,606
		Accounts payable	(117)	(0)
Dtac Thailand	Telenor group entity	Accounts receivable	390	52
		Accounts payable	(70)	(8)
Digi Malaysia	Telenor group entity	Accounts receivable	62	48
		Accounts payable	(7)	(4)
Telenor Norway	Telenor group entity	Accounts receivable	19	13
		Accounts payable	(1)	(1)
Telenor Southeast Asia Investment Limited	Telenor group entity	Accounts payable	(146,629)	(144,644)
Telenor Connexion AB	Telenor group entity	Accounts payable	(882)	-
Grameen Solutions Limited	Related to Grameen Telecom	Accounts payable	(26)	(26)
Snehasish Mahmud & Co.	Associated entity of a member of Board of Directors	Accounts payable	(666)	-
Grameen Telecom Trust	Grameenphone's board members nominated by Grameen Telecom are trustee of the entity	Accounts receivable	-	40,080
		Accounts payable	-	-
Telenor India	Telenor group entity	Accounts receivable	3,616	3,616
Telenor Health AS	Telenor group entity	Accounts receivable	173,822	248
DiGi Telecommunications Sdn Bhd	Telenor group entity	Accounts payable	(8,268)	(14,801)

41.5 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 616,795,920 (2020: BDT 625,953,057) was transferred to defined contribution plan, BDT 2,252,995,374 (2020: BDT 2,512,035,223) was transferred to Workers' Profit Participation Fund and BDT 281,624,422 (2020: 314,004,403) was transferred to Workers' Welfare Fund.

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

	2020 BDT (000)	2019 BDT (000)
CIF value of imports		
Telecommunication equipment	9,204,432	5,659,757
Expenditure in foreign currency		
Consultancy fee	1,059,112	1,171,580
Consultancy fee - expatriate	160,279	249,725
Other fee (travel and training)	5,213	5,621
Online advertisement, membership and others	271,472	524,290
Technical know how	1,446,297	1,121,167
International roaming cost net of discount	19,425	60,467
Interest on foreign loan	-	48,657
Foreign earnings		
Revenue net of discount from roaming partners	(56,374)	(84,905)

43 Short-term credit facilities available as at 31 December 2021

The Company enjoys composite working capital facilities including both funded and non-funded facilities from 11 banks (2020: 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 45,079 million (2020: BDT 41,316 million) of which non-funded limit is BDT 23,286 million (2020: BDT 23,286 million) and funded limit is BDT 29,203 million (2020: BDT 25,440 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 30,000 million (2020: BDT 25,500 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 2021 BDT (000)	As at 31 December 2020 BDT (000)
Capital commitment (open purchase order) for Property, plant and equipment	4,245,168	4,183,108
Capital commitment (open purchase order) for intangible assets	399,697	71,549

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 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 made by BTRC 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 effective till disposal of the matter at the Hon'ble HCD.

It is to be noted that in a separate Writ Petition filed by another audit firm challenging the auditor appointment process of BTRC, the appointment of the said auditor by BTRC 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. On 30 September 2018, BTRC filed an application for summary dismissal of the Title Suit filed by Grameenphone without going into the merit. The hearing of the application has not taken place yet and the next date has been fixed on 21 April 2022.

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 against the demand requesting BTRC to withdraw the demand and to engage in discussions with a view to find an amicable resolution. Thereafter, on 23 June 2019, as a legal recourse, Grameenphone served a notice of arbitration upon BTRC. On 30 June 2019, Grameenphone sent a 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 roughly by 30% on the ground of non-payment of the demanded amount. The direction was subsequently withdrawn on 17 July 2019 considering the impact on subscribers. However, On 22 July 2019, BTRC imposed operational restrictions through stopping No Objection Certificates (NOCs) and approvals on products and services and equipment import. In this context, on 30 July 2019, Arbitration applications were moved by Grameenphone before the Hon'ble HCD for appointment of arbitrator on behalf of BTRC and for interim relief against the suspension of approval & NOCs by the BTRC which were subsequently rejected by the 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 road block 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, and on 28 August 2019, Grameenphone moved an application for injunction in the learned District Court with the prayer to stay the suspension of NOCs and to restrain BTRC from taking any steps based on, or pursuant to, or for the realization or enforcement of the Audit Demand. The said application was rejected by the District Court. Against the rejection order, on 17 September 2019, Grameenphone filed an appeal (First Miscellaneous Appeal) before the Hon'ble HCD. On 05 September 2019, BTRC issued a show cause notice to Grameenphone as to why Grameenphone's 2G & 3G licenses should not be cancelled. Grameenphone responded timely to the show cause notice on 03 October 2019.

In parallel, Grameenphone has been continuing engagement with the authorities with a view to find a transparent and amicable resolution. On 18 September 2019, the Finance Minister in the presence of 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 and impositions to resume normal operations immediately and that Grameenphone would suspend its legal efforts to facilitate a transparent process towards an amicable solution. Despite these constructive efforts, BTRC had not lifted any of the operational restrictions imposed by it or the show cause notice.

On 17 October 2019, in the First Miscellaneous Appeal filed earlier by Grameenphone, the Hon'ble HCD passed an interim order of injunction restraining BTRC, for a period of two months, from taking any steps on the basis of, or pursuant to, or for the realization of or enforcement of the Audit Demand dated 02 April 2019. The Hon'ble HCD also stayed, for a period of two months, operation of the BTRC letter dated 22 July 2019 (regarding suspension of NOC for importation of equipment/software and suspension of tariff/service package etc. approvals).

Challenging the said interim order of stay and injunction passed by the Hon'ble HCD, BTRC moved to the Hon'ble 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 20,000,000,000 to BTRC within a period of three months; in default of the payment of the said money within the specified time the interim order of stay and injunction passed by the Hon'ble HCD shall stand vacated.

On 26 January 2020, Grameenphone filed a Review Petition before the Hon'ble AD of the Supreme Court of Bangladesh. On 20 February 2020, in the hearing of the Review Petition the Hon'ble AD verbally directed Grameenphone to deposit BDT 10,000,000,000 within 24 February 2020. Following the said verbal direction, Grameenphone deposited the money on 23 February 2020 and booked the deposit as non-current receivables as disclosed in Note 8 to these financial statements. On 24 February 2020 the Hon'ble AD directed Grameenphone to deposit remaining BDT 10,000,000,000 by 31 May 2020 and in default of the said payment, the interim order of stay and injunction passed by the Hon'ble HCD shall stand vacated. Further, the Hon'ble AD also directed BTRC to allow Grameenphone to carry on its business without any hindrance and fixed the matter on 31 May 2020 for passing further order.

On 19 May 2020, Grameenphone further deposited BDT 10,000,000,000 in compliance with the direction of the Hon'ble AD dated 24 February 2020 and followed the same accounting treatment as did for the first deposit. With regard to the deposit, Grameenphone has submitted the compliance application in the Review Petition pending before the Hon'ble AD on 19 July 2020.

The hearings of Review Petition and Appeal will take place as and when the matter will be listed by the Courts. Grameenphone approached for extension of the injunction issued by the Hon'ble HCD. However, the Hon'ble HCD took the matter out of its list for the time being as the related proceedings are pending before the Hon'ble AD. The injunction allowed by the Hon'ble AD continues to remain in force.

The original Title Suit is pending at the District Court. BTRC and its Auditor appeared in the suit earlier but they have not submitted their reply yet. The next date has been fixed on 29 March 2022 for the BTRC and its Auditor to submit their reply.

After making the first deposit of BDT 10,000,000,000 on 23 February 2020, Grameenphone met with BTRC representatives in several occasions for release of NOC for import of equipment and to address the number (new and recycle) crunch issue. After receiving the court order, BTRC started releasing NOC against our pending NOC requests, and by the end of July 2020, BTRC released all except for 03 (three) NOCs. The remaining NOCs and necessary permissions are matters of ongoing discussions with BTRC.

To recover the BTRC's Audit claim, Post and Telecommunication Division (PTD) proposed to form a committee. Accordingly, Grameenphone received letters from BTRC and PTD in October and November 2020 respectively with the same request of providing the names of Grameenphone representatives for the proposed committee. In response, Grameenphone sent a letter to BTRC, requesting, among others, to share the terms of reference of the Committee, the manner in which any recommendation would be made by the committee, the role of Grameenphone in the dialogue and a clear assurance that no recommendation would be imposed on Grameenphone unless Grameenphone agrees to the same in writing. The letter was later on shared with PTD also. In reply, BTRC did not entertain Grameenphone's query and asked Grameenphone again to provide the names of representative for the committee. Through a letter dated 31 December 2020, Grameenphone requested BTRC chairman for a discussion on this issue. A meeting took place on 13 January 2021 chaired by the BTRC Chairman and subsequent discussions may take place on this matter. No decision came after that meeting.

Despite Grameenphone disagreeing with the audit demand as a basis for the audit claim, Grameenphone has consistently tried to engage 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. 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) and are fully unjustified from Grameenphone's position; and no provision has been recorded based on the Audit Demand dated 02 April 2019 as such.

The other 4 (four) line items (with a total amount of BDT 40,859,371,405) are unauthorized 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.

Pointing out the errors in the substance, methodologies and procedures of the audit exercise Grameenphone disputed the whole Audit Demand and requested BTRC to engage in discussion for an amicable resolution. Thereafter, due to non-response by BTRC, applications for arbitration under local law and thereafter Civil Suit and appeal were filed in Bangladesh Courts. As of now, there has not been any judicial determination of the merits of the Audit Demand dated 02 April 2019 based on the disputed audit report nor any substantive discussion before any regulatory forum.

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 in conjunction with the absence of merit based determination through any solution process create significant uncertainty about the validity of the demand and outcome of the dispute.

Pointing out the errors in the substance, methodologies and procedures of the audit exercise Grameenphone disputed the whole Audit Demand and Grameenphone through its current assessment concluded that there is no such obligation against the audit claims.

(b) SIM tax on replacement SIMs

Large Taxpayers' Unit (LTU)-VAT through a letter dated 16 May 2012 claimed SIM tax of 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 made based on extrapolating the outcome of only five randomly purchased SIMs by LTU-VAT. Grameenphone challenged the demand by a Writ Petition before the Hon'ble High Court Division (HCD) and the Hon'ble HCD on 6 June 2013 disposed of the Writ Petition directing the Commissioner, LTU-VAT to decide on this matter within 120 days and make no demand in the meantime. Consequently, a SIM Replacement Review Committee was constituted by the Commissioner. The LTU-VAT authority in January 2014 finalized 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 Review Committee disregarded the spirit of the 'Terms of Reference' and agreed methodology as endorsed by BTRC in carrying out the review.

Thereafter, the Commissioner, LTU-VAT issued an order dated 18 May 2015 purporting to dispose of the show cause notice and finalize the demand at BDT 10,232,331,083 as SIM tax. 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 under Section 42(1)(Kha) of the VAT Act 1991 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 VAT Appellate Tribunal dismissed the Appeals filed by Grameenphone and other mobile operators. Subsequently on 19 July 2017, challenging the said Judgment & Order of the Tribunal, Grameenphone filed a VAT Appeal before the Hon'ble HCD wherein the Hon'ble HCD has stayed the operation of the Judgment & Order of the Tribunal. The appeal has been fixed for hearing along with other operators' appeals and will be heard as per accommodation of the Hon'ble Court.

Further, subsequently 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 for the period July 2012 to June 2015. On 20 February 2018, Grameenphone filed appeal before the Customs, Excise and VAT Appellate Tribunal against the demand upon depositing 10% of the demanded amount as appeal fee 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 Tribunal passed judgment against Grameenphone and on 27 June 2019 Grameenphone filed appeal before the Hon'ble HCD. On 27 August 2019, the Hon'ble HCD stayed the operation of the judgment passed by the Tribunal. The appeal has been fixed for hearing along with other operators' appeals and will be heard as per accommodation of the Hon'ble Court.

Subsequently during November 2017, the commissioner of 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 provision of the VAT Act-1991 which was prevailing at that point of time, 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) VAT rebate on 2G licence renewal fee

Grameenphone was under legal obligation to deduct 15% VAT at source from the payments to any licensing authorities including BTRC pursuant to insertion of Rule 18(Uma) in Value Added Tax Rules, 1991 which became effective from 1 July 2010. Since then Grameenphone complied with the same. However, the dispute arose in 2011 at the time of Grameenphone's 2G License Renewal when BTRC stipulated in License Renewal Guideline to make the payment 'without any deduction'. In 2011 mobile operators including Grameenphone challenged such stipulation in separate Writ Petitions before the Hon'ble High Court Division (HCD) wherein the Court allowed Grameenphone to exercise the right to claim rebate subject to payment of VAT in addition to BTRC's claim amount. However, Grameenphone, BTRC and NBR filed separate appeals before the Hon'ble Appellate Division (AD). Subsequently, on 7 March 2021 Grameenphone submitted its Concise Statements (point of arguments). Now, the appeal filed by BTRC is appearing in the hearing list of Hon'ble AD and will be heard as per accommodation of the Hon'ble Court. It should be noted that after amendments in Value Added Tax Rules, 1991, in 2012 at the time of making payment for 2nd installment of 2G Spectrum Assignment Fee, Grameenphone exercised its right to claim rebate of VAT which was subsequently cancelled by the Large Taxpayers' Unit (LTU)-VAT since BTRC, not being a VAT registered entity, could not provide legally required VAT Challan i.e. Mushak-11. Grameenphone challenged such cancellation by another Writ Petition which is pending before the Hon'ble HCD.

100% of the Licence Renewal Fee has been capitalised based on the assumption that Grameenphone's VAT exposure will be nil. This assumption is based on the Hon'ble High Court's verdict which allowed Grameenphone to exercise its right to claim rebate against the paid VAT.

However, the lawsuit over the VAT mechanism is still pending before the AD for BDT 2,397,282,000 and Grameenphone's rebate right case for BDT 1,409,922,000 is pending before the Hon'ble HCD. Grameenphone considered the deposited VAT amount of BDT 3,807,204,000 as a contingent asset under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

If the Hon'ble AD rules that Grameenphone would be required to pay VAT and would not be able to exercise the right to claim rebate for this VAT, Grameenphone's financial exposure on capitalized License Renewal Fee for this would increase by BDT 1,069,596,000.

Out of this dispute, BDT 4,876,800,000 are also part of BTRC audit claim dated 02 April 2019 as discussed in Note 45(a) above.

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

National Board of Revenue (NBR) through a General Order dated 9 June 2005 fixed Tariff Value determining SIM Tax (Supplementary Duty and VAT) on SIM Card at BDT 2,172.20. Challenging the legality of such imposition of SIM Tax, one subscriber filed a Writ Petition before the Hon'ble High Court Division (HCD) and the Hon'ble HCD on 25 June 2005 by an interim order stayed the operation of the General Order. 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 passed judgment declaring the imposition of SIM Tax on SIM Card as illegal. Upon a Civil Petition filed by the NBR, the judgment of the Hon'ble HCD was initially stayed by the Hon'ble Appellate Division (AD) on 27 March 2007 and finally on 1 August 2012 the Hon'ble AD 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 Grameenphone on 12 September 2012 on protest.

On 9 May 2016 Large Tax Payers' Unit (LTU)-VAT issued a show cause notice on Grameenphone for interest amounting BDT 4,525,263,202 for the delay in payment of SIM Tax on sale of SIM during the period 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 Customs, Excise & VAT Appellate Tribunal. Even though Grameenphone believes that the claim against Grameenphone is not likely to be legally enforceable, 10% of the disputed amount was deposited at the time of filing such appeal as part of the appeal procedure prescribed by law. 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. The Customs, Excise and VAT Appellate Tribunal upheld the demand of the Commissioner, LTU-VAT and issued its judgment on 11 April 2018. Subsequently, Grameenphone filed a VAT Appeal before Hon'ble HCD, challenging the said judgment of the Tribunal on 31 May 2018. On 10 July 2018, HCD stayed the judgment of the Tribunal till disposal of the VAT Appeal.

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.

(e) 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 Fiber 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 High Court Division (HCD) and HCD disposed of the Writ 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 Appellate Division (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. 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 following the provisions of the agreement between Grameenphone and BR. Management's assessment based on external counsel's guidance is 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. 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.

A Certificate Case was filed by BR under Public Demands Recovery Act 1913 against Grameenphone, claiming BDT 1,316,513,243 as interest and penalty for alleged delayed payment of GAR. On 05 November 2020, Grameenphone filed a petition denying the claim. On 22 February 2021, BR submitted its response against the same. Next date of hearing of the Certificate case is fixed on 09 March 2022.

Following the agreement, on 24 December 2020, Grameenphone served an Arbitration notice upon BR for Arbitration proceedings regarding the claim and accordingly requested BR to appoint arbitrator on their behalf. Following Grameenphone's Arbitration Notice dated 24 December 2020, 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). Now, the applications are appearing in the hearing list of the Hon'ble HCD which will be heard as per accommodation of the Hon'ble Court.

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 234th meeting held on 26 January 2022 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 2021. Total cash dividend including this final cash dividend stands at 250% of the paid-up capital (i.e. BDT 25.00 per share) for the year 2021. These dividends are subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.