Annexure –VI

ACNABIN
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Report to the Shareholders of Grameenphone Ltd. on Compliance with the Corporate Governance Code

(As required under the BSEC Corporate Governance Guidelines)

We have examined the compliance status to the Corporate Governance Code by Grameenphone Ltd. for the year ended on 31 December 2020. This Code relates to the Notification No,BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;

b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;

c) Proper books and records have been kept by the Company as required under the Companies Act, 1994, the securities laws and other relevant laws; and

d) The Governance of the Company is satisfactory.

This is also no endorsement about quality of contents in the Annual Report of the Company for 2020.

Abu Sayed Mohammed Nayeem, FCA
Partner
ACNABIN
Chartered Accountants

27 January 2021

Financial Statements 2020

A. QASEM & CO.
Chartered Accountants Since 1953

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

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 31 December, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 45(a) to the financial statements, wherein the management has explained the status of demand notice dated 02 April, 2019 for payment of BDT 125.80 billion, which was received from Bangladesh Telecommunication Regulatory Commission (BTRC) in relation to the information system audit conducted by BTRC, covering the period from the Company's inception in 1997 to 31 December, 2014. Based on legal advice and management's assessment of such demands, the management has contested these demands at the Court of Bangladesh. Pending final outcome of the Court proceedings, management has concluded that a significant uncertainty exists in order to enable any reliable estimation of a potential obligation, and no provision for these demands and consequential interest thereon has been made in the accompanying financial statements.

Our opinion is not modified in respect of the above matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for 2020. These matters were addressed in the context of the audit of the financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Regulatory matters

Referring to Note 45 (a) 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 the amounts of provisions or contingent liabilities are subject to significant management judgement.

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 judgment from management.

How our audit addressed the key audit matter:

We have gained an understanding of the process of identification of 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:

- Discussion of material legal cases with the Company's Legal Department;
- Analysed responses in legal letters obtained by the Company from the external legal counsels of the Company;
- Reviewed and analysed management's detailed assessment of the probability of outcome substantiated by those legal opinions
- Sought and obtained confirmations from external legal counsel of the Company
- Read the minutes of meetings of the Board of Directors and the Board Audit Committee
- 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
- Assessed disclosures in the financial statements of material contingencies nature and their measurement.

Revenue recognition

Referring to Note 3.14 and Note 26 to the financial statements, Revenue of BDT 139.61 billion is recognised in the income statement 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.

How our audit addressed the key audit matter:

In light of the fact that 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.

- We assessed the relevant systems supporting the accounting of revenue,
- Tested controls for IT-systems and procedures supporting revenue recognition;
- Assessed the invoicing and measurement systems up to entries in the general ledger.
- Analysed and tested customer contracts, invoices and receipts on a sample basis.
- Analysed the revenue charging model against the regulatory guidelines on a sample basis.

Furthermore, we assessed the accounting effects of new business and price models. We read and analysed the disclosures made in the financial statements.

Uncertain tax positions

Referring to Note 45 (b) to 45(d) 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 including indirect taxes and transaction related tax matters that could eventually require payments of taxes and possible additional charges. The assessment of uncertainty and risk of one or more unfavourable outcomes involve judgement 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.

How our audit addressed the key audit matter:

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 control over the significant income tax accounts and the related financial statement disclosures.

Our procedures also included among others:

- Obtained a listing of all ongoing tax litigations
- 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
- 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.
- Obtained and read the disclosures made in the accompanying financial statements

Other information included in the Company's 2020 Annual Report

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

I. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
II. In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;
III. The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; an
IV. The expenditure incurred was for the purposes of the Company's business.

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration No.: PF 1015

Akhtar Sanjida Kasem, FCA, FCMA, CFE
Partner
Enrolment Number: 643
DVC: 2101270643AS982567

Place: Dhaka
Date: 27 January 2021

Grameenphone Ltd.
Statement of financial position
As at 31 December 2020

Assets	Notes	31 December 2020 BDT (000)	31 December 2019 BDT (000)
Non-current assets			
Property, plant and equipment	4	56,901,192	62,396,558
Intangible assets	5	2,316,587	2,274,803
Right-of-use assets	6	53,532,673	58,028,533
Contract cost	8	4,934,438	4,480,157
Other non-current assets	9	20,568,456	555,200
Total non-current assets		**138,253,346**	**127,735,251**
Current assets			
Inventories	10	201,068	225,441
Trade receivables and others	11	7,131,165	7,013,053
Cash and cash equivalents	12	2,598,738	13,760,677
Total current assets		**9,930,971**	**20,999,171**
Total assets		**148,184,317**	**148,734,422**
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
Deposit from shareholders	17	-	1,880
Retained earnings		30,749,942	16,987,853
Total equity		**52,107,614**	**38,347,405**
Non-current liabilities			
Lease liabilities	6	14,146,840	13,484,106
Deferred tax liabilities	19	3,350,834	5,216,029
Employee benefits	20	1,641,383	936,703
Other non-current liabilities	21	281,272	323,957
Total non-current liabilities		**19,420,329**	**19,960,795**
Current liabilities			
Trade payables and others	22	23,988,115	22,676,406
Provisions	23	14,402,559	18,839,102
Lease liabilities	6	6,328,697	7,349,549
Loans and borrowings	18	1,240,000	2,934,284
Current tax liabilities	24	24,870,650	28,137,225
Other current liabilities	25	5,690,023	10,363,325
Unclaimed dividend		136,330	126,331
Total current liabilities		**76,656,374**	**90,426,222**
Total equity and liabilities		**148,184,317**	**148,734,422**

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

Director

Director

Chief Executive Officer

Company Secretary

Dhaka, 27 January 2021

As per our report of same date.

A. Qasem & Co.

Chartered Accountants

RJSC Firm Registration No.: PF 1015

Akhtar Sanjida Kasem, FCA, FCMA, CFE

Partner

Enrolment Number: 643

DVC: 2101270643AS982567

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

For the year ended 31 December 2020

	Notes	2020 BDT (000)	2019 BDT (000)
Revenue	26	139,606,161	143,656,271
Cost of material and traffic charges	27	(8,812,905)	(8,465,283)
Salaries and personnel cost	28	(10,027,226)	(9,437,578)
Operation and maintenance	29	(4,984,745)	(5,898,863)
Sales, marketing and commissions	30	(11,771,112)	(13,480,018)
Revenue sharing and spectrum charges	31	(10,478,334)	(10,107,313)
Other operating (expenses)/income	32	(6,442,284)	(6,164,349)
Depreciation and amortisation	33	(23,649,950)	(23,451,039)
		(76,166,556)	(77,004,443)
Operating profit		**63,439,605**	**66,651,828**
Finance (expense)/income	34	(376,473)	(2,523,060)
Foreign exchange (loss)/gain		(262,226)	(229,809)
		(638,699)	(2,752,869)
Profit before tax		62,800,906	63,898,959
Income tax expense	35	(25,613,869)	(29,382,199)
Profit after tax		**37,187,037**	**34,516,760**
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan	20	(783,080)	127,659
Related taxes		313,232	(51,063)
		(469,848)	76,596
Total comprehensive income for the year		**36,717,189**	**34,593,356**
Earnings per share			
Basic earnings per share (per value BDT 10 each in BDT)	36	27.54	25.56

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

As per our report of same date.

Director

Director

Chief Executive Officer

Company Secretary

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration No.: PF 1015

Akhtar Sanjida Kasem, FCA, FCMA, CFE
Partner
Enrolment Number: 643
DVC: 2101270643AS982567

Dhaka, 27 January 2021

Grameenphone Ltd.
Statement of changes in equity
For the year ended 31 December 2020

	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 2019	**13,503,000**	**7,840,226**	**14,446**	**1,880**	**15,476,847**	**36,836,399**
Transactions with the equity holders:						
Final dividend for 2018	-	-	-	-	(20,929,650)	(20,929,650)
Interim dividend for 2019	-	-	-	-	(12,152,700)	(12,152,700)
Total comprehensive income for 2019						
Profit for the year	-	-	-	-	34,516,760	34,516,760
Other comprehensive income/(loss)	-	-	-	-	76,596	76,596
Balance as at 31 December 2019	**13,503,000**	**7,840,226**	**14,446**	**1,880**	**16,987,853**	**38,347,405**
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 2020						
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**

Grameenphone Ltd.
Statement of cash flows
For the year ended 31 December 2020

	2020 BDT (000)	2019 BDT (000)
Cash flows from operating activities		
Cash receipts from customers	139,628,379	144,125,682
Payroll and other payments to employees	(9,326,779)	(9,961,845)
Payments to suppliers, contractors and others	(64,683,697)	(44,161,847)
Interest received	376,627	597,542
Interest paid	(1,990,178)	(2,530,502)
Income tax paid	(30,432,387)	(30,675,929)
	(106,056,414)	(86,732,581)
Net cash generated from operating activities	**33,571,965**	**57,393,101**
Cash flows from investing activities		
Payment for acquisition of property, plant and equipment, Right-of-use and intangible assets	(11,423,892)	(14,457,903)
Proceeds from sale of property, plant and equipment	206,509	194,606
Net cash used in investing activities	**(11,217,383)**	**(14,263,297)**
Cash flows from financing activities		
Proceeds from short-term bank loan	1,240,000	-
Payment of long-term loan	(2,973,210)	(5,848,364)
Payment of dividend	(28,110,077)	(26,301,675)
Payment of lease liabilities	(3,674,124)	(3,157,864)
Net cash used in financing activities	**(33,517,411)**	**(35,307,903)**
Net change in cash and cash equivalents	**(11,162,829)**	**7,821,901**
Cash and cash equivalents as at 01 January	**13,760,677**	**5,932,292**
Effect of exchange rate fluctuations on cash held	**890**	**6,484**
Cash and cash equivalents as at 31 December (Note 12)	**2,598,738**	**13,760,677**

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 1987, 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 has 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 2020. 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 27 January 2021.

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 2020 will be declared by Finance Act 2021. For the purpose of these financial statements, management has assumed that the existing corporate tax rate (40%) will be applicable for Income Year 2020 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 2020.
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 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:

	2020	2019
Own assets:	years	years
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:

	2020	2019
Software and others:	years	years
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:

	2020	2019
Right-of-use assets:	years	years
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 a 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 sub-lease as follows:

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

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
2020	40%
2019	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 roof-top base station and office space. The periodic unwinding of the discount is recognised in profit or loss as a finance cost as it occurs.

(c) Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. We recognise any amount as an asset only if recovery of that amount is virtually certain.

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

3.14 Revenue from contract with customers

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

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

Nature of goods and services

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

(a) Subscription and traffic fees

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

(b) Connection fees

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

(c) Commission income

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

(d) Customer equipment

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

(e) Discounts

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

(f) Multiple element arrangement

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

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

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

(g) Interest and dividend income

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

Contract Costs

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

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

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

Determination of agent and principal

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

Licence fees payable to Bangladesh Telecommunication Regulatory Commission (BTRC) 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 Grameenphone's products or services and fulfill 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 2020

Name of assets	Cost				Depreciation				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	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)
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 Property, plant and equipment

31 December 2019

Name of assets	Cost					Depreciation					Carrying amount
	As at 01 January 2019	Additions during the year	Disposals/ Adjustments during the year	Reclassification during the year	As at 31 December 2019	As at 01 January 2019	Charged during the year	Disposals/ Adjustments during the year	Reclassification during the year	As at 31 December 2019	As at 31 December 2019
	BDT (000)	BDT (000)	BDT (000)		BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Land (Note 4.1)	807,050	203,558	-	-	1,010,608	-	-	-	-	-	1,010,608
Building	4,048,914	12,269	(14,807)	-	4,046,376	1,603,206	212,614	(11,493)	-	1,804,327	2,242,049
Base station	130,659,066	11,226,383	(7,718,604)	-	134,166,845	84,989,725	10,480,889	(7,618,457)	-	87,852,157	46,314,688
Transmission equipment	37,321,905	732,959	(4,686,329)	-	33,368,535	31,180,206	2,612,979	(4,686,214)	-	29,106,971	4,261,564
Computers and other IT equipment	7,965,572	715,450	(522,194)	-	8,158,828	6,061,439	978,453	(521,422)	-	6,518,470	1,640,358
Furniture and fixtures (including	3,014,847	131,389	(212,978)	-	2,933,258	2,573,176	204,892	(212,978)	-	2,565,090	368,168
office equipment)	1,835,407	88,119	(428,876)	-	1,494,650	1,190,735	137,762	(338,235)	-	990,262	504,388
Vehicles	185,652,761	13,110,127	(13,583,788)	-	185,179,100	127,598,487	14,627,589	(13,388,799)	-	128,837,277	56,341,823
	6,895,340	12,269,521	(13,110,126)	-	6,054,735	-	-	-	-	-	6,054,735
Capital work in progress (Note 4.2)	192,548,101	25,379,648	(26,693,914)		191,233,835	127,598,487	14,627,589	(13,388,799)	-	128,837,277	62,396,558
	10,384,982	-	-	(10,384,982)	-	5,558,977	-	-	(5,558,977)	-	-
Fibre Optic Network under finance lease	202,933,083	25,379,648	(26,693,914)	(10,384,982)	191,233,835	133,157,464	14,627,589	(13,388,799)	(5,558,977)	128,837,277	62,396,558

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:

	2020	2019
Name of assets	BDT (000)	BDT (000)
Land (Note 4.1)	43,522	203,558
Building	4,644	12,269
Base station	6,724,915	11,226,383
Transmission equipment	670,586	732,959
Computers and other IT equipment	1,545,230	715,450
Furniture and fixtures	103,091	131,389
Vehicles	157,621	88,119
	9,249,609	13,110,127

4.2.2 Capital work in progress-components

Capital work in progress as at 31 December 2020 included capital inventory of BDT 3,778,848,580 (2019: BDT 3,409,990,777) and work-in-progress of BDT 1,932,121,620 (2019: BDT 2,644,744,150).

5 Intangible assets

31 December 2020

Name of assets	Cost: As at 01 January 2020	Cost: Additions during the year	Cost: Disposals/ Adjustments during the year	Cost: As at 31 December 2020	Amotisation: As at 01 January 2020	Amotisation: Charged during the year	Amotisation: Disposals/ Adjustments during the year	Amotisation: As at 31 December 2020	Carrying amount: As at 31 December 2020
	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	(957.00)	12,697,021	9,906,438	1,035,729	(957.00)	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**

31 December 2019

Name of assets	Cost: As at 01 January 2019	Cost: Additions during the year	Cost: Disposals/ Adjustments during the year	Cost: Reclassification during the year	Cost: As at 31 December 2019	Amotisation: As at 01 January 2019	Amotisation: Charged during the year	Amotisation: Disposals/ Adjustments during the year	Amotisation: Reclassification during the year	Amotisation: As at 31 December 2019	Carrying amount: As at 31 December 2019
	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)	10,245,735	1,244,563	-	-	11,490,298	8,924,554	981,884	-	-	9,906,438	1,583,860
Telecom licence and spectrum (Note 5.2)	70,187,066	-	-	(70,187,066)	-	24,493,540	-	-	(24,493,540)	-	-
	80,432,801	1,244,563	-	(70,187,066)	11,490,298	33,418,094	981,884	-	(24,493,540)	9,906,438	1,583,860
Capital work in progress (Note 5.3)	296,875	1,638,631	(1,244,563)	-	690,943	-	-	-	-	-	690,943
	80,729,676	**2,883,194**	**(1,244,563)**	**(70,187,066)**	**12,181,241**	**33,418,094**	**981,884**	**-**	**(24,493,540)**	**9,906,438**	**2,274,803**

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 Telecom licence 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.

5.3 Capital work in progress (CWIP)

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

6 Leases

A. Leases as lessee

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

(i) Right-of-use assets

31 December 2020

	Cost				Amotisation				Carrying amount
Name of assets	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	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)
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	(24,518.00)	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**

31 December 2019

Name of assets	Cost						Amotisation					Carrying amount
	As at 01 January 2019	Reclassi-fication	Adjustment on initial application of IFRS 16 as at 01 January 2019	Additions during the year	Disposals/ Adjustments during the year	As at 31 December 2019	As at 01 January 2019	Reclassi-fication	Charged during the year	Disposals/ Adjustments during the year	As at 31 December 2019	As at 31 December 2019
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Fibre Optic Network (Note 4)	-	10,384,982	-	112,281	-	10,497,263	-	5,558,977	551,466	-	6,110,443	4,386,820
Telecom licence, annual licence renewal fees and spectrum (Note 5)	-	70,187,067	953,261	3,596,844	-	74,737,172	-	24,493,540	4,969,011	-	29,462,551	45,274,621
Base transceiver station-Green Field	-	-	763,806	57,941	(16,412)	805,335	-	-	164,795	(3,725)	161,070	644,265
Base transceiver station-Roof Top	-	-	2,842,324	479,698	(106,972)	3,215,050	-	-	717,793	(33,781)	684,012	2,531,038
Infrastructure sharing site	-	-	5,923,282	(31,143)	-	5,892,139	-	-	1,216,478	-	1,216,478	4,675,661
Office/residential space	-	-	680,918	111,514	(77,761)	714,671	-	-	222,023	(23,480)	198,543	516,128
	-	**80,572,049**	**11,163,591**	**4,327,135**	**(201,145)**	**95,861,630**	**-**	**30,052,517**	**7,841,566**	**(60,986)**	**37,833,097**	**58,028,533**

Right-of-use assets addition

Right-of-use assets addition for the year ended 31 December 2020 is BDT 3,775,405,000. BDT 105,118,540 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 3,670,286,460 is paid when they fall due and is classified as part of financing activities.

(ii) **Lease liabilities**

	2020 BDT (000)	2019 BDT (000)
Lease liabilities-non-current portion	14,146,840	13,484,106
Lease liabilities-current portion	6,328,697	7,349,549
	20,475,537	20,833,655

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

	2020 BDT (000)	2019 BDT (000)
Interest on lease liabilities	1,803,873	2,121,092
Expense relating to variable lease payments and short term leases not included in measurement of lease liabilities:		
Revenue sharing and spectrum charges (including microwave fees)	10,792,304	10,334,075
Fuel and energy costs	390,990	406,413
Short term lease	10,638	-
	12,997,805	12,861,580

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

	2020 BDT (000)	2019 BDT (000)
Total cash outflow for right-of-use assets	5,457,324	5,177,354
Total cash outflow for right-of-use assets (VAT portion)	366,281	-
Total cash outflow for variable lease payment and short term leases	10,838,134	10,133,586

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 2020 and 31 December 2019.

8 Contract cost

	As at 31 December 2020 BDT (000)	As at 31 December 2019 BDT (000)
Opening balance	4,480,157	4,438,240
Additions during the year	2,653,445	2,231,493
Amortisation during the year	(2,199,164)	(2,189,576)
	4,934,438	**4,480,157**

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

	2020	2019
Appeal deposits	552,299	532,910
Deposit to BTRC (Note 9.1)	20,000,000	-
Security deposits for utility services and other investments	16,157	22,290
	20,568,456	**555,200**

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 2020	As at 31 December 2019
	BDT (000)	BDT (000)
Handset, data card and other devices	53,122	78,171
SIM card	122,694	132,610
Scratch card	25,252	14,660
	201,068	**225,441**

10.1 Movement of inventories

	Handset, data card and other device	SIM card	Scratch card
	BDT (000)	BDT (000)	BDT (000)
Balance as at 1 January 2019 (Gross)	178,920	129,074	19,655
Purchase during 2019	147,940	352,835	143,389
Issue during 2019	(221,655)	(331,981)	(146,281)
	105,205	149,928	16,763
Adjustment/write-off	(27,034)	(17,318)	(2,103)
Balance as at 31 December 2019 (Net)	**78,171**	**132,610**	**14,660**
Balance as at 1 January 2020 (Gross)	105,205	149,928	16,763
Purchase during 2020	75,026	345,168	164,738
Issue during 2020	(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**

10.2 Number of inventories

	As at 31 December 2020	As at 31 December 2019
	Units	Units
Handset, data card and other device	40,016	54,971
SIM card	7,391,480	5,805,717
Scratch card	194,400,785	139,530,442

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 2020 BDT (000)	As at 31 December 2019 BDT (000)
Trade receivables		
Trade receivables, gross	6,762,952	6,415,255
Impairment loss allowance	(1,741,410)	(1,763,119)
	5,021,542	**4,652,136**
Other receivables		
Receivables from employees	1,175	9,007
Other non-interest-bearing receivables	1,892,978	1,720,645
Impairment loss allowance	(297,804)	-
	1,596,349	**1,729,652**
Other non-financial assets		
Prepaid expenses	513,274	631,265
	513,274	631,265
Total trade receivables and others	**7,131,165**	**7,013,053**

12 Cash and cash equivalents

	2020	2019
Cash in hand	78,141	4,373
Cash at bank	2,520,597	13,756,304
	2,598,738	**13,760,677**

12.1 Restricted cash balance

Cash at bank as at 31 December 2020 includes BDT 52,593,221 (2019: BDT 59,551,312) equivalent to unused Mobicash points in customer wallet and is therefore treated as restricted cash balance.

Additionally, Cash at bank as at 31 December 2020 includes BDT 136,329,943 (2019: BDT 126,331,259) equivalent to dividend unclaimed amount, BDT 1,625,698,216 (2019: BDT 6,780,675,321) equivalent to unpaid dividend to foreign shareholders due to pending approval from Bangladesh Bank and BDT 12,759,497 (2019: BDT 12,761,511) equivalent to unclaimed IPO subscription amount. According to Articles of Association (AoA) of Grameenphone, if dividend has not been claimed for three years after passing of either the resolution at a General Meeting declaring the dividend or the resolution of the Board of Directors providing for payment for that dividend, the Board of Directors may invest the unclaimed dividend or use it in some other way for the benefit of the Company until the dividend is claimed.

13 Net asset value per share

	2020	2019
Net Asset (BDT)	52,107,614,000	38,347,405,000
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)	**38.59**	**28.40**

14 Share capital

	2020	2019
Authorised:		
4,000,000,000 ordinary shares of BDT 10 each	40,000,000	40,000,000
	40,000,000	**40,000,000**
Issued, subscribed, called up and paid up:		
1,350,300,022 ordinary shares of BDT 10 each	13,503,000	13,503,000
	13,503,000	**13,503,000**

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

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

14.1 Shareholding position

a) Percentage of shareholdings

Name of shareholders	% of holding As at 31 December 2020	% of holding As at 31 December 2019	Value of shares (BDT) As at 31 December 2020	Value of shares (BDT) As at 31 December 2019	Date of issue/ Transfer of Shares
Telenor Mobile Communications AS, Norway	55.8%	55.8%	7,534,081,540	7,534,077,240	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
Nye Telenor Mobile Communications II AS, Norway	-	0.0%	-	2,150	31 May 2007 15 July 2008
Nye Telenor Mobile Communications III AS, Norway	-	0.0%	-	2,150	31 May 2007 15 July 2008
Telenor Asia Pte Ltd, Singapore	-	0.0%	-	2,150	31 May 2007 15 July 2008
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%	-	220	31 May 2007 15 July 2008 02 July 2009
Grameen Shakti, Bangladesh	-	0.0%	-	220	31 May 2007 15 July 2008 02 July 2009
General public, Grameenphone employees and institutional	10.0%	10.0%	1,351,254,590	1,351,252,000	28 Oct 2009
	100%	**100%**	**13,503,000,220**	**13,503,000,220**	

A total of 430 shares have 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 259 shares have been reclassified under institutional shareholders from Telenor Asia Pte Ltd, Singapore, Grameen Kalyan Bangladesh, Grameen Shakti, Bangladesh as per regulatory direction.

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

	No. of shareholders		No. of shares	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
1-500	22,931	24,220	4,269,788	4,479,685
501-5,000	5,475	5,412	8,834,026	8,565,541
5,001-10,000	495	467	3,608,406	3,347,114
10,001-20,000	259	237	3,649,396	3,318,103
20,001-30,000	88	99	2,199,488	2,452,984
30,001-40,000	54	49	1,894,561	1,732,404
40,001-50,000	28	34	1,294,514	1,564,380
50,001-100,000	90	71	6,366,353	5,130,538
100,001-1,000,000	125	122	38,393,777	38,467,261
1,000,001-1,000,000,000	17	19	1,279,789,713	1,281,242,012
	29,562	**30,730**	**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 Deposit from shareholders

Deposit from shareholders represents balance of the share money received from Telenor Mobile Communications AS, Norway, which aroused due to conversion of foreign currency remittance into BDT and the amount utilised for issuance of the exact number of shares Telenor intended to subscribe.

During the period, Grameenphone has transferred BDT 1,880,178 into other income from share money deposit as the owner of this money, Telenor Mobile Communications (TMC) AS, Norway ("Telenor") has in writing waived their right on this amount.

18 Loans and borrowings

Loans and borrowings include a long-term syndicated loan led by the International Finance Corporation (IFC) of USD 345 Million at 6-month-LIBOR + 3.5% interest rate. The full loan amount of USD 345 Million was drawn down in multiple tranches, the repayment of which was in 10 installments. The final installment has been paid in April 2020. The syndicate members include IFC, DEG, FMO, Proparco, CDC and OFID. This financial liability has been recognised at amortised cost as per IFRS 9 Financial Instruments: Recognition and Measurement.

Current portion of loans and borrowings include short-term bank loan of BDT 1,240,000,000 (2019: BDT 2,934,283,707 as the unpaid portion of long-term syndicated loan led by the International Finance Corporation (IFC))

19 Deferred tax liabilities

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

	Carrying amount BDT (000)	Tax base BDT (000)	Taxable/(deductible) temporary difference BDT (000)
As at 31 December 2020			
Property, plant and equipment (excluding land and CWIP (Note 4))	50,136,088	33,946,437	16,189,651
Difference for vehicle (Note 19.1)	(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**
As at 31 December 2019			
Property, plant and equipment (excluding land and CWIP (Note 4))	55,331,212	37,609,758	17,721,454
Difference for vehicle (Note 19.1)	(144,028)	-	(144,028)
			17,577,426
Right of use assets (Note 6)	58,028,533	39,150,821	18,877,712
Trade receivables (Note 11)	(1,763,119)	-	(1,763,119)
Lease liabilities including current portion (Note 6)	(21,065,897)	-	(21,065,897)
Other current liabilities (profit sharing plan)	(297,876)	-	(297,876)
Employee benefit plans (funded)	(936,702)	-	(936,702)
Contract acquisition cost (deferred)	940,822	-	940,822
Recoverable income tax on certain aged trading liability	(292,294)	-	(292,294)
Net taxable temporary difference			13,040,073
Net deferred tax liability @40% tax rate (Note 3.12)			**5,216,029**

19.1 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

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

Deferred tax liabilities as at 31 December 2020 includes net deferred tax asset of BDT 573,189,894 (2019: BDT 259,958,008) for actuarial gain/loss from re-measurement of defined benefit obligations corresponding impact of which has been recognised under other comprehensive income.

20 Employee benefits

	As at 31 December 2020 BDT (000)	As at 31 December 2019 BDT (000)
Amounts recognised in the statement of financial position		
Defined benefit obligation	(5,738,813)	(4,007,132)
Fair value of plan assets	4,097,430	3,070,429
Net defined benefit obligation	**(1,641,383)**	**(936,703)**
Change in benefit obligation		
Benefit obligation at end of prior year	(4,007,132)	(3,996,697)
Service cost	(331,062)	(352,492)
Interest expense	(326,398)	(298,764)
Benefit payments from plan assets	227,414	357,166
Remeasurements due to change in demographic assumptions	(25,013)	-
Remeasurements due to change in financial assumptions	(1,109,357)	513,147
Remeasurements due to experience adjustments	(167,265)	(229,492)
Defined benefit obligation at end of year	**(5,738,813)**	**(4,007,132)**
Change in fair value of plan assets		
Fair value of plan assets at end of prior year	3,070,429	2,397,575
Interest income	232,324	235,332
Employer contributions	503,536	950,685
Benefit payments from plan assets	(227,414)	(357,166)
Remeasurements for return on assets (excluding interest income)	518,555	(155,997)
Fair value of plan assets at end of year	**4,097,430**	**3,070,429**
Fair value of plan assets		
Cash and cash equivalents	714,587	552,720
Debt instruments	3,382,843	2,517,708
Total	**4,097,430**	**3,070,428**
Components of Defined Benefit Cost (DBO)		
Service cost	331,062	352,492
Interest expense on DBO	326,398	298,764
Interest (income) on plan assets	(232,324)	(235,332)
Defined benefit cost included in profit or loss	**425,136**	**415,924**
Remeasurements (recognised in other comprehensive income (OCI))		
Due to change in demographic assumptions	25,013	-
Due to change in financial assumptions	1,109,357	(513,147)
Due to change in experience adjustments	167,265	229,492
(Return) on plan assets (excl. interest income)	(518,555)	155,997
Total remeasurements in OCI	**783,080**	**(127,658)**
Total defined benefit cost recognised in profit or loss and OCI	**1,208,216**	**288,266**

	As at 31 December 2020 BDT (000)	As at 31 December 2019 BDT (000)
Net defined benefit liability (asset) reconciliation		
Opening balance of net defined benefit liability (asset)	936,703	1,599,122
Defined benefit cost included in profit or loss	425,136	415,924
Total remeasurements included in OCI	783,080	(127,658)
Employer contributions	(503,536)	(950,685)
Net defined benefit liability (asset) as of end of year	1,641,383	936,703
Expected cash flows for following year		
Expected employer contributions	417,142	352,492
Expected total benefit payments		
Year 1	926,513	523,464
Year 2	581,570	440,979
Year 3	597,858	470,957
Year 4	609,487	496,959
Year 5	621,773	540,713
Next 5 years	3,232,241	2,976,672
Significant actuarial assumptions		
Discount rate in %	5.7%	9.3%
Future salary growth in %	8.5%	8.5%
Future turnover in %		
Up to age 30	12.5%	12.5%
Age 31-45	12.5%	10.0%
Above 45	12.5%	10.0%
Expected average remaining working lives of employees	7 years	9 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 2020		As at 31 December 2019	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Discount rate in %	(293,431)	87,643	(240,517)	29,639
Future salary growth in %	68,985	(277,871)	21,031	(233,590)

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

21 Other non-current liabilities

	As at 31 December 2020 BDT (000)	As at 31 December 2019 BDT (000)
Asset retirement obligations (Note 21.1)	151,400	152,391
Other non-current liabilities	129,872	171,566
	281,272	**323,957**

21.1 Asset retirement obligations (ARO)

	As at 31 December 2020 BDT (000)	As at 31 December 2019 BDT (000)
Opening balance	152,391	144,275
Provision made during the year	2,305	4,609
	154,696	148,884
Provision released during the year	(2,383)	3,507
Paid during the year	(913)	-
Closing balance	**151,400**	**152,391**

Grameenphone recognises Asset Retirement Obligations (ARO) in respect of roof-top 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.

22 Trade payables and others

	As at 31 December 2020 BDT (000)	As at 31 December 2019 BDT (000)
Financial liabilities		
Trade payables including liability for capital expenditure	10,033,121	10,480,455
Accrued expenses	6,649,806	5,648,100
Indirect taxes	1,831,080	1,353,003
	18,514,007	**17,481,558**
Other non-financial liabilities		
Deferred connection revenue	13,805	204,860
Unearned revenue	5,460,303	4,989,988
	5,474,108	**5,194,848**
Total trade payables and others	**23,988,115**	**22,676,406**

23 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 the year Grameenphone reversed provisions of BDT 2,450,811,484 as a result of dispute settlement.

24 Current tax liabilities

	As at 31 December 2020 BDT (000)	As at 31 December 2019 BDT (000)
Movement of current tax liabilities is shown as below:		
Opening balance	28,137,225	28,563,588
Provision made during the year including transactions for other comprehensive income	28,407,143	29,028,970
	56,544,368	57,592,558
Paid during the year (incl. tax deducted at source)	(30,432,387)	(30,675,929)
Provision released during the year	(1,241,331)	1,220,596
Closing balance	24,870,650	28,137,225

25 Other current liabilities

	As at 31 December 2020 BDT (000)	As at 31 December 2019 BDT (000)
Accruals for profit sharing plan	314,004	297,876
Payable for bills pay receipts	328,603	518,691
Security deposits from subscribers and channel partners	566,584	537,093
Dividend payable	1,625,698	6,780,675
Others	2,855,134	2,228,990
	5,690,023	**10,363,325**

26 Revenue

	2020 BDT (000)	2019 BDT (000)
The following is an analysis of revenue for the year:		
Revenue from contract with customers (Note 26.1)	138,036,441	142,117,999
Lease revenues	1,569,720	1,538,272
	139,606,161	**143,656,271**

26.1 Disaggregation of revenue from contract with customers

	2020 BDT (000)	2019 BDT (000)
Type of goods/ services		
Revenue from mobile communication (Note 26.2)	137,760,475	141,546,924
Revenue from customer equipment (Note 26.3)	130,928	185,351
Other revenues (Note 26.4)	145,038	385,724
	138,036,441	**142,117,999**
Type of subscription		
Prepaid	131,289,340	135,527,213
Contract	6,471,135	6,019,711
Other	275,966	571,075
	138,036,441	**142,117,999**
Type of customer		
Consumer	121,622,800	124,697,439
Business	16,413,641	17,420,560
	138,036,441	**142,117,999**

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

	2020 BDT (000)	2019 BDT (000)
Traffic charges	7,488,776	7,253,612
Cost of materials and services	1,324,129	1,211,671
	8,812,905	**8,465,283**

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 968,187,004 (2019: BDT 820,193,023) for restructuring expense during the year and BDT 864,760,346 (2019: BDT 1,637,703,496) has been transferred during the year. The WPPF expense for the year ended 2020 is BDT 3,140,044,029 (2019: BDT 3,172,361,083) and BDT 3,123,915,567 (2019: BDT 3,152,431,133) 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 2,086 as at 31 December 2020 and 2,161 as at 31 December 2019.

29 Operation and maintenance

	2020 BDT (000)	2019 BDT (000)
Service maintenance fee	3,203,648	3,407,893
Vehicle maintenance expense	112,455	369,210
Other operation and maintenance	1,668,642	2,121,760
	4,984,745	**5,898,863**

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

30 Sales, marketing and commissions

	2020 BDT (000)	2019 BDT (000)
Sales, marketing and representation costs (Note 30.1)	561,742	135,123
Advertisement expenses	1,144,092	1,354,187
Promotional expenses (Note 30.2)	121,785	215,046
Commissions	9,943,493	11,775,662
	11,771,112	**13,480,018**

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 annual spectrum fee and charges.

32 Other operating expenses/(income)

	2020	2019
	BDT (000)	BDT (000)
Consultancy and professional services (Note 32.1)	877,084	930,032
Statutory audit fees	3,000	2,500
Rental expense for property, plant and equipment	304,535	426,232
Fuel and energy costs	3,736,751	3,840,835
Impairment loss on trade receivables (Note 32.2)	464,313	155,302
Rental and other income	(200,609)	(128,421)
(Gain)/loss on disposal of assets	11,707	(47,514)
Others (Note 32.3)	1,245,503	985,383
	6,442,284	**6,164,349**

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

	2020	2019
Allowance for impairment of trade receivables during the year (Note 39.1.3)	500,057	195,385
Recovery of impaired trade receivables during the year	(35,744)	(40,083)
	464,313	**155,302**

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 317,266,100 for the year.

33 Depreciation and amortisation

	2020	2019
Property, plant and equipment	14,268,260	14,627,589
Intangible assets	1,035,729	981,884
Right-of-use assets	8,345,961	7,841,566
	23,649,950	**23,451,039**

34 Finance expense/income

	2020	2019
Interest income	(376,627)	(597,542)
Interest expense	(1,245,125)	804,706
Net interest cost on defined benefit obligation	94,075	63,432
Interest expenses on lease liabilities	1,803,873	2,121,092
Other finance expenses	100,277	131,372
	376,473	**2,523,060**

35 Income tax expense

	2020 BDT (000)	2019 BDT (000)
Current tax expense		
Income tax expenses for the year	28,407,143	29,028,970
Adjustments / provision released during the year	(1,241,332)	1,220,596
	27,165,811	30,249,566
Deferred tax expense/(income)		
Deferred tax expense/(income) relating to origination and reversal of temporary differences	(1,551,942)	(867,367)
	25,613,869	**29,382,199**

35.1 Reconciliation of effective tax rate

	2020 Percentage	2020 BDT (000)	2019 Percentage	2019 BDT (000)
Profit before tax		62,800,906		63,898,959
Tax using the Company's tax rate	40.00%	25,120,362	40.00%	25,559,584
Tax effect of:				
Provision for non-deductible expenses	2.96%	1,859,458	2.91%	1,859,790
Adjustments / provision released during the year	-2.18%	(1,370,852)	2.05%	1,312,548
Other components of tax as per Income Tax Ordinance 1984	0.00%	2	0.99%	634,235
Permanent difference as per Income Tax Ordinance 1984	0.01%	4,899	0.03%	16,042
	40.79%	**25,613,869**	**45.98%**	**29,382,199**

36 Earnings per share

	2020 BDT	2019 BDT
Profit for the year (in BDT)	37,187,037,000	34,516,760,000
Weighted average number of shares (Note 36.1)	1,350,300,022	1,350,300,022
Basic earnings per share (in BDT)	27.54	25.56

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

	2020 BDT (000)	2019 BDT (000)
Profit after tax	37,187,037	34,516,760
Income tax expense	25,613,869	29,382,199
Profit before tax	62,800,906	63,898,959
Adjustment for:		
Depreciation & Amortisation	23,649,950	23,451,039
(Gain)/Loss on Sale of Fixed Assets	11,707	(47,514)
Finance (expense)/income, net	376,473	2,523,060
Other adjustments	(19,721,809)	(953,353)
	67,117,227	88,872,191
Changes in:		
Inventories	24,373	(1,082)
Trade receivables and others	(118,112)	198,994
Trade payables and others	1,694,582	1,703,414
Provisions	(3,581,842)	(1,656,989)
Other current liabilities	481,675	885,463
Cash generated from operating activities	65,617,903	90,001,990
Interest received	376,627	597,542
Interest paid	(1,990,178)	(2,530,502)
Income tax paid	(30,432,387)	(30,675,929)
Net cash generated from operating activities	**33,571,965**	**57,393,101**

38 Net operating cash flow per share

	2020 BDT	2019 BDT
Net operating cash flow (BDT)	33,571,965,000	57,393,101,000
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)	**24.86**	**42.50**

39 Financial risk management

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

39.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's exposure to credit risk primarily relates to trade receivables and balances with banks including short and long term deposits.

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

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

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

	As at 31 December 2020 BDT (000)	As at 31 December 2019 BDT (000)
Trade receivables (Note 11)	5,021,542	4,652,136
Other current receivables (Note 11)		
Receivables on Employees-Non-Interest Bearing	1,175	9,007
Other non-interest-bearing receivables	1,595,174	1,720,645
	1,596,349	1,729,652
Cash at bank (Note 12)	2,520,597	13,756,304
	9,138,488	**20,138,092**

39.1.2 Trade receivables, gross

This included interconnection receivables of BDT 2,909,255 as at 31 December 2020 (2019: BDT 3,496,132,460). The ageing of gross interconnection receivables as at the statement of financial position date was:

Not past due	1,133,723	1,543,125
0-30 days past due	55,205	74,047
31-60 days past due	22,161	59,667
61-90 days past due	12,259	58,214
91-180 days past due	33,356	164,920
181-365 days past due	42,360	39,821
over 365 days past due	1,610,191	1,556,338
	2,909,255	**3,496,132**

Other trade receivables (other than receivable from interconnection) as at 31 December 2020 was BDT 3,853,696 (2019: BDT 2,919,122,965) The ageing of other trade receivables as at the statement of financial position date was:

Not past due	1,668,493	994,133
0-30 days past due	1,258,825	854,839
31-60 days past due	158,652	255,053
61-90 days past due	69,718	85,409
91-180 days past due	119,697	194,309
181-365 days past due	201,010	208,148
over 365 days past due	377,301	327,232
	3,853,696	**2,919,123**

Total not past due trade receivables (gross) as at 31 December 2020 includes receivables of BDT 425,689,187 (2019: BDT 994,133,000) from customers against whom receivables of BDT 1,590,309,746 (2019: BDT 1,629,076,998) became over 365 days past due and provision for bad debt of BDT 1,472,308,306 (2019: BDT 1,473,522,573) 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:

Opening balance	1,763,119	1,763,556
Net remeasurement of loss allowance	500,057	195,385
	2,263,176	1,958,941
Amounts written off	(223,962)	(195,822)
Closing balance	**2,039,214**	**1,763,119**

39.1.4 Security against trade receivables

	As at 31 December 2020 BDT (000)	As at 31 December 2019 BDT (000)
Good and secured	588,356	559,817
Good with personal security/unsecured	4,433,186	4,092,319
Impaired	1,741,410	1,763,119
Gross trade receivables	6,762,952	6,415,255
Impairment loss allowance	(1,741,410)	(1,763,119)
Trade receivables, net	**5,021,542**	**4,652,136**

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

Domestic	4,918,570	4,581,939
Asia	19,009	35,530
Europe	79,907	24,682
Australia	28	878
America	3,913	7,922
Africa	115	1,185
	5,021,542	**4,652,136**

39.2 Liquidity risk

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

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

As at 31 December 2020

	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)	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									
Local	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	-	-	-
	44,088,487			**49,839,179**	**20,872,857**	**10,483,424**	**5,175,332**	**10,473,648**	**2,833,921**

As at 31 December 2019

	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)	20,833,655	Multiple	7.1%-15%	27,542,142	3,279,650	4,441,982	5,221,816	10,271,412	4,327,282
Loans and borrowings - long-term	-	-	-	-	-	-	-	-	-
Loans and borrowings - short-term									
Foreign	2,934,284	April 2020	6-month-LIBOR + 3.5%	3,009,698	3,009,698	-	-	-	-
Local									
Trade payables and others									
Trade payables including liability for capital expenditure	10,480,455	December 2020	N/A	10,480,455	7,065,485	3,414,970	-	-	-
Accrued expenses	5,648,100	December 2020	N/A	5,648,100	4,346,875	1,301,225	-	-	-
Other current liabilities	10,489,656	December 2020	N/A	10,489,656	7,800,753	2,688,903	-	-	-
	50,386,150			**57,170,050**	**25,502,462**	**11,847,080**	**5,221,816**	**10,271,412**	**4,327,282**

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 2020					As at 31 December 2019				
	USD	NOK	GBP	EUR	JPY	USD	NOK	GBP	EUR	JPY
Foreign currency denominated assets										
Receivables from Telenor entities	577,352	-	-	-	-	333,686	-	-	-	-
Receivables	94,709	-		-	-	307,692	-	-	-	-
Cash at bank	968,556	-	-	-	-	680,648	-	-	-	-
	1,640,617	-	-	-	-	1,322,026	-	-	-	-
Foreign currency denominated liabilities										
Loans and borrowings	-	-		-	-	(2,934,284)	-	-	-	-
Payables to others Telenor entities*	(1,891,736)	(5,795,317)	-	(947)	-	(1,579,658)	(4,408,224)	-	-	-
Trade payables and others	(425,350)	-		(67,375)	(1,032)	(404,216)		(9,424)	(22,797)	-
	(2,317,086)	(5,795,317)	-	(68,322)	(1,032)	(4,918,158)	(4,408,224)	(9,424)	(22,797)	-
Net exposure	**(676,468)**	**(5,795,317)**	**-**	**(68,322)**	**(1,032)**	**(3,596,132)**	**(4,408,224)**	**(9,424)**	**(22,797)**	**-**

* 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 2020	31 December 2019
	BDT	BDT
US Dollar (USD)	84.58	84.88
Norwegian Kroner (NOK)	9.93	9.67
Great Britain Pound (GBP)	115.51	111.37
EURO (EUR)	104.18	95.08
Japanese Yen (JPY)	0.82	0.78

Market risk (contd.)

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A change of 10 basis points (bp) in foreign currencies would have increased/(decreased) equity and profit or loss of the Company by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Profit or loss		Equity	
	10 bp increase	10 bp decrease	10 bp increase	10 bp decrease
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
31 December 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	**(654,113)**	**654,113**	**(654,113)**	**654,113**
31 December 2019				
Expenditures denominated in USD	(359,613)	359,613	(359,613)	359,613
Expenditures denominated in NOK	(440,822)	440,822	(440,822)	440,822
Expenditures denominated in GBP	(942)	942	(942)	942
Expenditures denominated in EURO	(2,280)	2,280	(2,280)	2,280
Expenditures denominated in JPY	-	-	-	-
Exchange rate sensitivity	**(803,658)**	**803,658**	**(803,658)**	**803,658**

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 2020, the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	As at 31 December 2020	As at 31 December 2019
	BDT (000)	BDT (000)
Floating rate instruments		
Financial liabilities		
Loans and borrowings	1,240,000	2,934,284

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

Financial assets	As at 31 December 2020 BDT (000)	As at 31 December 2019 BDT (000)
Financial assets at amortised cost		
Trade receivables	5,021,542	4,652,136
Other receivables	1,596,349	1,729,652
Financial liabilities		
Other financial liabilities		
Lease liabilities	20,475,537	20,833,655
Trade payables and others (except other non-financial liabilities)	18,514,007	17,481,558
Loans and borrowings - short-term	1,240,000	2,934,284
Other current liabilities	5,690,023	10,489,656

*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:

	2020	2019
Lease liabilities	8.75%	15.00%
Liability for spectrum acquisition	8.50%	8.50%
Loans and borrowings		
Foreign	NA	6-month-LIBOR + 3.5%
Local	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 2020.

41 Related party disclosures

During the year ended 31 December 2020, 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

	2020	2019
	BDT (000)	BDT (000)
Short term employee benefits	669,648	770,240
Post employment benefits	77,145	74,462
Other long term benefits	25,380	40,870
	772,173	**885,572**

Key management personnel compensation includes benefits for employees of the rank of 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 2020, attendance fees in connection with Board and Board Sub-Committee meetings are BDT 753,931 (2019: BDT 865,161).

41.2 Debts due from and due to key management personnel

Attendance fees of Board of Directors which are not yet paid, includes BDT 169,900 as at 31 December 2020 (2019: BDT 401,581). Other than that no debts were due from and 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

			2020	2019
Name of related parties	Nature	Nature of transactions	BDT (000)	BDT (000)
Telenor Mobile Communications AS	Shareholder	Dividend payment	17,962,912	11,677,820
Nye Telenor Mobile Communications II AS	Shareholder	Dividend payment	3	3
Nye Telenor Mobile Communications III AS	Shareholder	Dividend payment	3	3
Telenor Asia Pte. Ltd.	Shareholder	Dividend payment	3	3
Grameen Telecom	Shareholder	Dividend payment	7,850,028	11,313,277
		Commission expense	205,649	211,205
		Connection revenue	(2,350)	-

Name of related parties	Nature	Nature of transactions	2020 BDT (000)	2019 BDT (000)
Grameen Kalyan	Shareholder	Dividend payment	0.3	0.5
Grameen Shakti	Shareholder	Dividend payment	0.3	0.5
Telenor ASA	Telenor group entity	Consultancy, professional and technical support service fee	925,338	1,021,786
Telenor Global Services AS	Telenor group entity	Consultancy, professional and technical support service fee	55,346	51,096
	A2P project revenue and professional service fee		(636,026)	
Telenor Global Shared Services AS	Telenor group entity	Consultancy, professional and technical support service fee	332,608	383,029
Telenor Go Pte Ltd.	Telenor group entity	Consultancy, professional and technical support service fee	239,218	253,709
Telenor Digital AS	Telenor group entity	Consultancy, professional and technical support service fee	(21,708)	155,653
Grameen Telecom Trust	Grameenphone's Board members nominated by Grameen Telecom are trustee of the entity	Cost of service	40,080	32,667
		Commission Expense	16,132	-
Telenor Procurement Company	Telenor group entity	Consultancy, professional and technical support service fee	450,803	392,983
		Software acquisition cost	199,044	-
Telenor Norway	Telenor group entity	Roaming revenue net of discount	(267)	(398)
		Roaming cost net of discount	44	86
Telenor Sweden	Telenor group entity	Roaming revenue net of discount	(132)	(419)
		Roaming cost net of discount	17	55
Telenor Denmark	Telenor group entity	Roaming revenue net of discount	(319)	(462)
		Roaming cost net of discount	111	324
Telenor Pakistan	Telenor group entity	Roaming revenue net of discount	(7)	(13)
		Roaming cost net of discount	27	62

Name of related parties	Nature	Nature of transactions	2020 BDT (000)	2019 BDT (000)
Telenor Myanmar	Telenor group entity	Roaming revenue net of discount	(12)	3
		Roaming cost net of discount	33	141
		Cost of service fee	(96)	399
Dtac Thailand	Telenor group entity	Roaming revenue net of discount	885	(184)
		Roaming cost net of discount		3,543
Digi Malaysia	Telenor group entity	Roaming revenue net of discount	(3,314)	(9,034)
		Roaming cost net of discount	245	856
Telenor Norge AS	Joint venture of Telenor group	Consultancy, professional and technical support service fee	291,407	216,192
Tapad Incorporation	Associated companies of Telenor group	Consultancy, professional and technical support service fee	64,745	81,391
Telenor Southeast Asia Investment Limited	Telenor group entity	Consultancy, professional and technical support service fee	-	80,314
Grameen Distribution	Related to Grameen Telecom through Grameen Telecom Trust	Cost of products Purchase of handsets	81	981
Grameen Communication	Related to Grameen Telecom	Software solution and maintenance	78	344
Snehasish Mahmud & Co.	Associated entity of a member of Board of Directors	Consultancy, professional and technical support service fee	411	241
DiGi Telecommunications Sdn Bhd	Telenor group entity	Consultancy, professional and technical support service fee	14,848	425
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 2020 BDT (000)	As at 31 December 2019 BDT (000)
Telenor Mobile Communications AS	Shareholder	Dividend payable	(1,625,698)	(6,780,670
Nye Telenor Mobile Communications II AS	Shareholder	Dividend payable	-	(2)
Nye Telenor Mobile Communications III AS	Shareholder	Dividend payable	-	(2)
Telenor Asia Pte. Ltd.	Shareholder	Dividend payable	-	(2)
Grameen Telecom	Shareholder	Accounts receivable	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	47,502	30,958
		Accounts payable	(3,763,750)	(2,833,356)
Telenor Consult AS	Telenor group entity	Accounts payable	(2,021)	(1,968)
Telenor Global Services AS	Telenor group entity	Accounts receivable	127,130	50,235
		Accounts payable	(127,903)	(96,676)
Telenor Global Shared Services AS	Telenor group entity	Accounts payable	(1,153,765)	(1,164,047)
Telenor Go Pte. Ltd.	Telenor group entity	Accounts receivable	77,034	50,191
		Accounts payable	(239,134)	(59,791)
Telenor Digital AS	Telenor group entity	Accounts receivable	181,514	7,686
		Accounts payable	(693,603)	(686,524)
Telenor Procurement Company	Telenor group entity	Accounts payable	(860,580)	(601,304)
Telenor Norge AS	Telenor group entity	Accounts receivable	853	853
		Accounts payable	(687,740)	(356,607)
Telenor Sweden	Telenor group entity	Accounts receivable	7	142
		Accounts payable	(1)	(3)

Name of related parties	Nature	Nature of transactions	As at 31 December 2020 BDT (000)	As at 31 December 2019 BDT (000)
Telenor Denmark	Telenor group entity	Accounts receivable	16	18
		Accounts payable	(0)	(10)
Telenor Pakistan	Telenor group entity	Accounts receivable	0	1
		Accounts payable	(2)	(9)
Telenor Myanmar	Telenor group entity	Accounts receivable	9,606	9,659
		Accounts payable	(0)	(53)
Dtac Thailand	Telenor group entity	Accounts receivable	52	1,423
		Accounts payable	(8)	(1,071)
Digi Malaysia	Telenor group entity	Accounts receivable	48	1,221
		Accounts payable	(4)	(486)
Telenor Norway	Telenor group entity	Accounts receivable	13	29
		Accounts payable	(1)	(22)
Telenor Southeast Asia Investment Limited	Telenor group entity	Accounts payable	(144,644)	(145,157)
Tapad Incorporation	Telenor group entity till 15 October 2020	Accounts payable	(146,065)	(126,129)
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	-	(220)
Grameen Telecom Trust	Grameenphone's Board members	Accounts receivable	40,080	174,076
		Accounts payable		(71,418)
Telenor India	Telenor group entity	Accounts receivable	3,616	-
Telenor Health	Telenor group entity	Accounts receivable	248	-
DiGi Telecommunications Sdn Bhd	Telenor group entity	Accounts payable	(14,801)	(8,593)

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 20. During the year, BDT 625,953,057 (2019: BDT 548,866,392) was transferred to defined contribution plan, BDT 2,512,035,223 (2019: BDT 2,555,097,904) was transferred to Workers' Profit Participation Fund and BDT 314,004,403 (2019: 319,387,238) 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	5,659,757	5,766,109
Expenditure in foreign currency		
Consultancy fee	1,171,580	1,267,976
Consultancy fee - expatriate	249,725	259,741
Other fee (travel and training)	5,621	47,774
Online advertisement, membership and others	524,290	437,312
Technical know how	1,121,167	1,284,640
International roaming cost net of discount	60,467	54,408
Interest on foreign loan	48,657	375,154
Foreign earnings		
Revenue net of discount from roaming partners	(84,905)	(85,266)

43 Short-term credit facilities available as at 31 December 2020

The Company enjoys composite working capital facilities including both funded and non-funded facilities from 11 banks (2019: 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 41,316 million (2019: BDT 40,880 million) of which non-funded limit is BDT 23,286 million (2019: BDT 22,850 million) and funded limit is BDT 25,440 million (2019: 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 25,500 million (2019: 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 2020 BDT (000)	As at 31 December 2019 BDT (000)
Capital commitment (open purchase order) for property, plant and equipment	4,183,108	3,202,421
Capital commitment (open purchase order) for intangible assets	71,549	269,993

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 dismissal of the Title Suit filed by Grameenphone without going into the merit. The hearing of the application has not taken place yet.

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 an 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 realisation 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 realisation 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 have not taken place yet at Hon'ble AD and HCD respectively. Further hearing of the Review Petition and Appeal will take place as and when the matter will be listed by the Courts.

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.

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.

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. BTRC has, however, refused to discuss the substance of the claims following the feedback Grameenphone provided against the audit observations in 2018; 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 and subsequent invitations for continued dialogue have been rejected. In light of these events, at this stage Grameenphone has concerns over the prospects of an amicable solution based on merit.

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 unauthorised and erroneously claimed by BTRC and are related to already resolved matter or where NBR has no claim against Grameenphone or matters pending in ongoing formal resolution processes (sub-judice) with the NBR. In the NBR matters, Grameenphone had already made the relevant provisions.

Pointing out the errors in the substance, methodologies and procedures of the audit exercise Grameenphone disputed the whole Audit Demand and requested the 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 finalised their observations without changing their earlier position significantly.

The mobile operators expressed their dissatisfaction over the findings and the way LTU-VAT members of the 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 finalise 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 Hon'ble HCD fixed the appeal for hearing which will be concluded as per accommodation of the 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 is now pending before the Hon'ble HCD for adjudication.

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) which are now pending for hearing. 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 capitalised License Renewal Fee for this would increase by BDT 1,069,596,000.

Out of this dispute, BDT 4,876,800,000 is 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 is a dispute regarding payment of VAT (whether inclusive or exclusive) on the Guaranteed Annual Rent (GAR) paid to Bangladesh Railway (BR) to use its Fibre Optic Network (FON) under an Agreement dated 17 September, 1997. Grameenphone made payment to BR after deduction of VAT from the GAR following inclusive method. In 2008, BR requested Grameenphone to pay the amounts deducted as VAT otherwise threatened to disconnect the FON connection. Grameenphone filed a Writ Petition before the Hon'ble 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 13 January 2021, BR submitted its response against the same. The next date of the hearing is yet to be fixed. 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.

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 227th meeting held on 27 January 2021 recommended a final cash dividend amounting to BDT 19,579,350,319 being 145% of the paid-up capital (i.e. BDT 14.50 per share) for the year 2020. Total cash dividend including this final cash dividend stands at 275% of the paid-up capital (i.e. BDT 27.50 per share) for the year 2020. These dividends are subject to final approval by the shareholders at the forthcoming annual general meeting of the company.