

# Bangladesh Submarine Cable Company Limited

## Statement of Financial Position (Un-audited)

As at 31 March 2020

	Notes	Amount in Taka 31 March 2020'	Amount in Taka 30 June 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	6,594,214,148	6,864,883,830
		<b>5,117,232,875</b>	<b>4,547,382,812</b>
<b>Current Assets</b>			
Trade and other receivables	5	2,303,836,917	2,040,255,701
Advances and deposits	6	32,246,239	36,803,454
Advance income tax	7	509,943,068	412,835,551
Investment in shares	8	25,377,726	34,348,102
Cash and cash equivalents	9	2,245,828,925	2,023,140,004
<b>TOTAL ASSETS</b>		<b>11,711,447,023</b>	<b>11,412,266,642</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
		<b>6,780,157,545</b>	<b>6,387,676,846</b>
Share capital	10	1,649,055,100	1,649,055,100
Equity Money from GoB	11	1,660,000,000	1,660,000,000
Share premium	12	723,293,759	723,293,759
Tax holiday reserve	13	733,653,017	714,543,555
Revaluation reserve	14	336,165,684	336,165,684
Retained earnings	15	1,677,989,984	1,304,618,748
<b>Non Current Liabilities</b>		<b>3,240,557,353</b>	<b>3,277,277,071</b>
Deferred tax liabilities	16	511,471,260	476,165,249
Security deposits received from clients	17	286,821,863	220,378,430
Employees' pension, gratuity & provident fund	18	17,621,832	20,850,482
Long Term loan-net off current portion	19	2,424,642,398	2,559,882,911
<b>Current Liabilities</b>		<b>1,690,732,125</b>	<b>1,747,312,724</b>
Long Term loan-current portion	19	306,051,485	331,816,695
Sundry creditors	20	178,120,290	213,923,194
Provision for income tax	21	557,820,189	393,874,301
Provision for WPPF and WF	22	42,779,071	38,948,113
VAT payable	23	514,537,009	543,778,932
Liabilities for expenses	24	91,424,081	224,971,489
<b>Total Liabilities</b>		<b>4,931,289,478</b>	<b>5,024,589,795</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,711,447,023</b>	<b>11,412,266,642</b>
<b>Net Asset Value per share</b>	<b>45</b>	<b>41.12</b>	<b>38.74</b>

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chief Financial Officer	Company Secretary	Managing Director	Director	Chairman

Dated, Dhaka;  
25 June 2020

**Bangladesh Submarine Cable Company Limited**  
**Statement of Profit or Loss and Other Comprehensive Income (Un-audited)**  
For the period ended 31 March 2020

Notes	Amount in Taka		Amount in Taka		
	July- March 2020	July- March 2019	Jan-March-2020	Jan-March-2019	
<b>Revenue</b>					
IPLC (International Private Leased Circuit) rent	25	1,380,322,796	1,038,550,460	525,818,147	377,828,875
Circuit activation charge	26	11,598,000	16,319,000	5,340,000	4,860,000
IP Transit service	27	342,455,119	293,501,989	130,420,480	101,847,024
Co-location charges	28	43,810,886	29,147,248	15,939,610	10,642,209
IP transit service-export	29	36,848,250	43,721,638	6,368,250	15,665,938
		<u>1,815,035,051</u>	<u>1,421,240,335</u>	<u>683,886,486</u>	<u>510,844,046</u>
<b>Direct cost of operation</b>					
Electricity and generator fuel	30	9,043,102	8,456,102	2,910,062	2,150,529
Landing station and cable route repair	31	810,473	1,234,579	226,005	732,311
Backhaul & data connectivity charge	32	88,416,810	114,541,473	28,625,662	25,079,088
IP transit cost	33	38,456,396	35,855,213	13,035,403	12,079,750
Lease rent	34	298,810	662,483	-	-
Depreciation of core machinery	35	313,302,392	314,451,803	104,494,600	107,924,560
		<u>450,327,983</u>	<u>475,201,653</u>	<u>149,291,731</u>	<u>147,966,238</u>
<b>Gross profit</b>		<u>1,364,707,068</u>	<u>946,038,682</u>	<u>534,594,755</u>	<u>362,877,808</u>
<b>Operating expenses</b>					
Operation and maintenance expenses	36	150,295,598	147,978,734	47,641,634	70,443,714
General and administrative expenses	37	146,571,045	125,320,828	44,625,724	43,387,333
Provision for bad & doubtful debts	38	133,085,809	72,440,888	50,926,446	7,073,263
Depreciation on property, plant and equipment	39	27,013,722	24,197,139	9,016,751	7,995,714
		<u>456,966,174</u>	<u>369,937,589</u>	<u>152,210,556</u>	<u>128,900,023</u>
<b>Operating profit</b>		<u>907,740,893</u>	<u>576,101,093</u>	<u>382,384,199</u>	<u>233,977,785</u>
<b>Non-operating income/(Expenses)</b>					
Bank interest and other income	40	133,633,030	97,826,776	44,257,481	34,483,643
Financial charges		(119,929,897)	(127,799,689)	(39,481,589)	(42,436,681)
Loss on disposal of fixed assets		(14,219,491)	-	-	-
Exchange fluctuation Gain/(Loss)		106,323	-	(75)	-
(Loss)/Gain on investment in shares	41	(8,970,376)	(642,161)	(1,459,962)	391,419
		<u>(9,380,411)</u>	<u>(30,615,074)</u>	<u>3,315,854</u>	<u>(7,561,619)</u>
<b>Profit before WPPF &amp; WF</b>		<u>898,360,482</u>	<u>545,486,017</u>	<u>385,700,053</u>	<u>226,416,165</u>
Provision for contribution to WPPF & WF		42,779,071	25,975,525	18,366,669	10,781,722
<b>Profit before taxation</b>		<u>855,581,411</u>	<u>519,510,493</u>	<u>367,333,383</u>	<u>215,634,443</u>
Less: Current tax expenses	42	163,945,888	22,728,382	73,431,635	9,529,421
Deferred tax (income)/expenses	43	35,306,011	88,837,885	9,804,990	34,129,116
		<u>199,251,899</u>	<u>111,566,267</u>	<u>83,236,625</u>	<u>43,658,537</u>
<b>Net profit after tax</b>		<u>656,329,512</u>	<u>407,944,227</u>	<u>284,096,759</u>	<u>171,975,906</u>
<b>Total comprehensive income</b>		<u>656,329,512</u>	<u>407,944,227</u>	<u>284,096,759</u>	<u>171,975,906</u>
<b>Earnings Per Share (EPS) - Basic</b>	44	<u>3.98</u>	<u>2.47</u>	<u>1.72</u>	<u>1.04</u>

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

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Chairman

Dated, Dhaka:  
25 June 2020

# Bangladesh Submarine Cable Company Limited

## Statement of Changes in Equity (Un-audited)

For the period ended 31 March 2020

Particulars	Share capital	Equity money from GoB	Share premium	Tax holiday reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at 01 July 2019	1,649,055,100	1,660,000,000	723,293,759	714,543,555	336,165,684	1,304,618,748	6,387,676,848
Transactions with shareholders:							
Dividend	-	-	-	-	-	(263,848,816)	(263,848,816)
Net profit after tax for the period	-	-	-	-	-	656,329,512	656,329,512
Tax holiday reserve	-	-	-	19,109,461	-	(19,109,461)	-
<b>Balance as at 31 March 2020</b>	<b>1,649,055,100</b>	<b>1,660,000,000</b>	<b>723,293,759</b>	<b>733,653,017</b>	<b>336,165,684</b>	<b>1,677,989,984</b>	<b>6,780,157,545</b>
Balance as at 01 July 2018	1,649,055,100	1,660,000,000	723,293,759	706,977,180	336,165,684	808,879,808	5,884,371,532
Transactions with shareholders:							
Dividend	-	-	-	-	-	(82,452,755)	(82,452,755)
Net profit after tax for the period	-	-	-	-	-	407,944,228	407,944,228
Tax holiday reserve	-	-	-	25,034,025	-	(25,034,025)	-
<b>Balance as at 31 March 2019</b>	<b>1,649,055,100</b>	<b>1,660,000,000</b>	<b>723,293,759</b>	<b>732,011,205</b>	<b>336,165,684</b>	<b>1,109,337,256</b>	<b>6,209,863,006</b>

Sd/-

Chief Financial Officer

Sd/-

Company Secretary

Sd/-

Managing Director

Sd/-

Director

Sd/-

Chairman

Dated, Dhaka;  
25 June 2020

# Bangladesh Submarine Cable Company Limited

## Statement of Cash Flows (Un- audited)

For the period ended 31 March 2020

	Notes	Amount in Taka	
		July- March 2020	July- March 2019
<b>A. Cash flows from operating activities</b>			
Cash received from clients		1,466,299,397	1,135,103,538
Cash paid to suppliers and others		(387,024,781)	(225,968,103)
Exchange fluctuation gain		106,323	-
Payroll and other payments to employees		(106,778,827)	(82,177,606)
Payment for WPPF/Gratuity		(38,948,113)	(14,693,423)
Income tax paid		(97,107,517)	(88,451,239)
Interest received		120,521,517	87,566,505
Receipts from rest house rent and others		838,158	16,566,297
<b>Net cash flow from operating activities</b>		<b>957,906,157</b>	<b>827,945,970</b>
<b>B. Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(88,019,920)	(31,334,657)
Proceeds from disposal of Fixed assets		167,500	-
Dividend received		1,375,995	1,466,569
<b>Net cash flow from/ (used in) investing activities</b>		<b>(86,476,424)</b>	<b>(29,868,088)</b>
<b>C. Cash flows from financing activities</b>			
Dividend paid		(234,691,690)	(82,024,870)
Financial charges		(253,043,398)	-
Loan repaid		(161,005,724)	(166,064,152)
<b>Net cash flow from/(used in) financing activities</b>		<b>(648,740,812)</b>	<b>(248,089,022)</b>
Net surplus/ deficit during the period(A+B+C)		222,688,921	549,988,860
Cash and cash equivalents at beginning of the period		2,023,140,004	1,131,140,015
Cash and cash equivalents at end of the period	9	<b>2,245,828,925</b>	<b>1,681,128,875</b>
<b>Net Operating Cash Flows Per Share (NOCFPS)</b>	46	<b>5.81</b>	<b>5.02</b>

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

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Chairman

Dated, Dhaka;  
25 June 2020

**Bangladesh Submarine Cable Company Limited (BSCCL)**  
**Notes to the Financial Statements**  
**For the period ended 31 March 2020**

**1. Reporting entity**

**1.1 The Company**

Bangladesh Submarine Cable Company Limited (BSCCL) (hereinafter referred to as "the Company") was incorporated in Bangladesh as a public limited company on 24 June 2008 under the Companies Act 1994 with an authorized capital of Taka 10,000,000,000 divided into 100,000,000 ordinary shares of Taka 100 each. In the period 2010-2011, the Company converted denomination of its shares from Taka 100 to Taka 10 and accordingly, present authorized capital is Taka 10,000,000,000 divided into 1,000,000,000 ordinary shares of Taka 10 each. The Company obtained the Certificate of Commencement of Business from the Registrar of Joint Stock Companies and Firms on 24 June 2008. The Company is substantially owned by the Government of the Peoples' Republic of Bangladesh and represented by various Ministries of the Government.

The Company was originated after separating from Bangladesh Telecommunications Company Limited (BTCL) (previously BTTB) with all assets situated at Zilonjha, Cox's Bazar, the Landing Station. Before separation a project namely "Establishment of International Telecommunication System through Submarine Cable" was undertaken by BTCL participating in an international agreement with an International Consortium namely SEA-ME-WE 4 (South East Asia Middle East Western Europe). The Company has established 2nd Submarine Cable system at Kuakata, Patuakhali, Bangladesh (SEA-ME-WE-5-South East Asia Middle East Western Europe).

**1.2 Nature of business**

The principal activities of the Company are to provide high capacity voice and data bandwidth to all important places in Bangladesh to get benefit of all the IT related services.

**2. Basis of preparation of financial statements**

**2.1 Statement on compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act, 1994, Securities and Exchange Rules, 1987 and other relevant laws applicable in Bangladesh.

**2.2 Other regulatory compliances**

The Company is also required to comply with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations in Bangladesh:

- The Income Tax Ordinance 1984
- The Income Tax Rules 1984
- The Value Added Tax Act 2012
- The Value Added Tax Rules 2016
- The Customs Act 1969
- The Stamp Act 1899
- The Bangladesh Securities and Exchange Commission Act 1993
- The Bangladesh Securities and Exchange Commission Rules 1987
- DSE/CSE Rules
- Listing Regulations, 2015
- Bangladesh Labour Act, 2006 (as amended to 2013).

**2.3 Basis of measurement**

The financial statements have been prepared on historical cost basis except for certain assets such as land and land development which are stated at revalued amount (fair market value) as explained in the accompanying notes (Note- 3.1).

#### **2.4 Accrual basis of accounting**

Bangladesh Submarine Cable Company Limited (BSCCL) prepares its financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, the company recognizes items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the IAS or IFRS conceptual Framework.

#### **2.5 Presentation of financial statements**

The presentation of these financial statements is in accordance with the guidelines provided by IAS 1: Presentation of Financial Statements. The financial statements comprise of:

- (a) Statement of Financial Position as at 31 March 2020;
- (b) Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 March 2020;
- (c) Statement of Changes in Equity for the period ended 31 March 2020;
- (d) Statement of Cash Flows for the period ended 31 March 2020;
- (e) Notes, comprising summary of significant accounting policies and other explanatory information.

#### **2.6 Functional and presentation currency**

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 except otherwise indicated.

#### **2.7 Use of estimates and judgments**

The preparation of financial statements in conformity with International Financial Reporting Standards and International Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and for contingent assets and liabilities that require disclosure, during and at the date of the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

#### **2.8 Materiality, aggregation and offsetting**

Each material item as considered by management significant has been displayed separately in the financial statements. No amount has been set off unless the Company has legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards. The values of assets or liabilities as shown in the statement of financial position are not off-set by way of deduction from another liability or asset unless there exist a legal right therefore. No such incident existed during the period.

#### **2.9 Going concern assumption**

The financial statements are prepared on the basis of going concern assumption as per IAS 01: Presentation of Financial Statements. As per management assessment there is no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

#### **2.10 Reporting period**

The reporting period of the company covers 3 (three) months from 01 July 2019 to 31 March 2020.

#### **2.11 Comparative information**

Comparative information has been disclosed in respect of 01 July 2019 to 31 March 2020 in accordance with IAS 01: Presentation of Financial Statements for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current periods of financial statements. Prior period figure has been rearranged wherever considered necessary to ensure comparability with the current period.

### 3. Significant accounting policies

#### 3.1 Property, plant and equipment

##### Recognition and measurement

An item shall be recognized as property, plant and equipments if, and only it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost less accumulated depreciation as per IAS 16: Property, Plant and Equipment.

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. The cost also includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term debt availed for the construction/ implementation of the Property, Plant and Equipment, if the recognition criteria are met.

The cost of self-constructed assets includes the cost of material and direct labor and other costs directly attributable to bringing the assets to a working condition inclusive of inward freight, duties and non-refundable taxes for their intended use.

##### Subsequent costs

The subsequent expenditure is only capitalized as part of assets when the useful life or economic benefit or both of that asset is increased provided that it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of day to day servicing of property, plant and equipment are recognized in the Statement of Profit or loss and Other Comprehensive Income as 'Repair and Maintenance' when it is incurred.

##### Depreciation on Non-current assets

Depreciation is provided to amortize the cost of the assets after commissioning, over the period of their expected useful lives, in accordance with the provision of IAS 16 Property, Plant and Equipment. Depreciation is charged on additions made during the period for the full period in which those assets are put into ready for use and on which depreciation is charged on Straight line basis. Periodic depreciation is charged on additions on which reducing balance depreciation method is applied. Depreciation is charged on all the fixed assets except land and land development cost at the following rates.

Name of Assets	Depreciation rate	Basis
Core equipment-IPLC-SMW-4	10%	Straight line
Core equipment-IIG	14.29%	Straight line
Core equipment-IPLC-SMW-5	5.00%	Straight line
Building -SMW-5	5.00%	Straight line
Building-SMW-4	8.33%	Straight line
Floor development	8.33%	Straight line
Security barak & security wall	8.33%	Straight line
Deep tube-well & pump house-SMW-4	8.33%	Straight line
Deep tube-well & pump house-SMW-5	5%	Straight line
500 KV sub-station-SMW-4	10%	Straight line
500 KV sub-station-SMW-5	5%	Straight line

Name of Assets	Depreciation rate	Basis
Power system-SMW4	10%	Straight line
Power system-SMW5	5%	Straight line
Boundary wall-SMW-4	8.33%	Straight line
Boundary wall-SMW-5	5%	Straight line
Ducting from beach manhole-SMW-4	10%	Straight line
Ducting from beach manhole-SMW-5	5%	Straight line
Vehicles	20%	Reducing balance
Office equipment and furniture	10%	Reducing balance
Co-Location point-SMW-4	12.50%	Straight line
Co-Location point-SMW-5	5%	Straight line
Office decoration	10%	Reducing balance
Power System-IIG	20%	Straight line
Water Treatment Plant & Others	20%	Straight line

Depreciation methods, useful lives and residual values are reviewed after each reporting period.

#### Revaluation of property, plant and equipment

As per IAS 16: Property, Plant and Equipment paragraph 34, "the frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Some items of property, plant and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five periods".

To comply with the above paragraph The Company made its first valuation of and at Cox's Bazar on 30 June 2011 by an independent valuer to reflect fair value (prevailing market price) thereof following "both Depreciated Replacement Costs and Revaluation Method".

#### Details of revaluation of property, plant and equipment:

Amount in Taka						
Particulars of the assets	Name of the Valuer	Qualification of the Valuer	Date of Revaluation	Carrying amount of Assets	Value of Assets after revaluation	Revaluation Surplus
Land and Land Development	A B SAHA & CO.	Chartered Accountants	June 30, 2011	17,03,91,471	35,23,00,000	18,19,08529
<b>Total:</b>				<b>17,03,91,471</b>	<b>35,23,00,000</b>	<b>18,19,08529</b>

The increase in the carrying amount of revalued assets is recognized in the separate component of equity as Revaluation Reserve.

Other Non-Current Assets were kept outside the scope of the revaluation works. These are expected to be realizable at written down value (WDV) as mentioned in the Statement of Financial Position of the company.

#### Impairment

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated to determine the extent of the impairment loss, if any. Impairment loss is recorded on judgmental basis, for which provision may differ in the future periods based on the actual experience.



### **Disposal of property, plant and equipment**

An item of Property, Plant and Equipment is removed from the statement of financial position when it is disposed of or when no future economic benefits are expected from its use or disposal. The gain or loss on the disposal of an item of Property, Plant and Equipment is included in the statement of profit or loss of the period in which the de-recognition occurs.

### **3.2 Intangible assets and research and development expenditures**

Intangible assets are stated at cost less provisions for amortization and impairments, if any. License, patents, know-how and marketing rights acquired are amortized over their estimated useful lives, using the straight-line basis, from the time they are available for use. The cost of acquiring and developing computer software for internal use and internet sites for external use are capitalized as intangible assets where the software or site supports a significant business system and the expenditure leads to the creation of a durable asset.

In compliance with the requirements of IAS 38: Intangible assets, research, development and experimental costs are usually absorbed as revenue charges as and when incurred. However, the research and development expenditures that is definite to yield benefit to the Company and is material in the Company's and/ local context, are capitalized as per IAS 38: Intangible Assets.

### **3.3 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds as per IAS 23: Borrowing Costs.

### **3.4 Revenue from contract with customers**

The Company recognises as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange of services when (or as) it transfers control to the customer. To achieve that core principle, IFRS-15 establishes a five-step model as follows:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Considering the five steps model, the Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised service to a customer. Service is considered as transferred when (or as) the customer obtains control of that service. Revenue from sale of service is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT). Where the amounts received or receivable from customers exceeded the revenues recognised for contracts, contract liabilities or advance billings are recognised in the statement of Financial Position as Unearned Revenue. Contract liabilities or advance billings are recognised as revenue when services are provided to customers satisfying the performance obligation.

Revenues primarily comprise of:

1. IPLC Rent
2. Circuit Activation Charge
3. IP Transit Service
4. Co-location Charges
5. IP Transit Service-Export

### **3.4.1 Revenue from International Private Leased Circuit (IPLC) Rent**

Revenue from IPLC rent are recognized over the period of time (i.e. monthly) through satisfying the performance obligation as the customer simultaneously receives and consumes the services provided by BSCCL as it promises to perform in the contract.

### **3.4.2 Revenue from circuit activation charge**

Circuit activation is non-recurring service mostly comprise of registration and installation services provided by BSCCL. This charge imposed to clients for activation of new circuits in the form of Registration and Installation charge through demand notes. Revenue from this charge are recognized at a certain point in time when the services or benefits passed to its customers.

### **3.4.3 Revenue from IP Transit Service Fees**

IP Transit service charges for providing internet bandwidth to IIGs and ISPs on a recurring basis. Invoice regarding IP Transit service is generated at the beginning of each month but recognize the revenue over the period of time (i.e. monthly) through satisfying the performance obligation as the customer simultaneously receives and consumes the services provided by BSCCL as promise to perform in the contract.

### **3.4.4 Revenue from co-location charges**

Revenue from Co-location charges arises for using BSCCL's resources by the customers on a recurring basis at Cox's bazaar, Kuakata and Dhaka. Invoice regarding Co-location service is generated at the beginning of each month but recognize the revenue over the period of time (i.e. monthly) through satisfying the performance obligation as the customer simultaneously receives and consumes the services provided by BSCCL as promise to perform in the contract.

### **3.4.5 Revenue from IP transit service – export**

IP Transit Service - Export represents IP transit services provided to international customer Bharat Sanchar Nigam Limited (BSNL) on a recurring basis. Invoice regarding IP Transit service is generated at the beginning of each quarter in advance but recognize the revenue over the period of time (i.e. monthly) through satisfying the performance obligation as the customer simultaneously receives and consumes the services provided by BSCCL as promise to perform in the contract.

### **3.4.6 Revenue from investment income**

#### **(a) Interest income**

Interest on bank deposits have been accounted for on accrual basis.

#### **(b) Dividends**

Dividend Income is recognised when the company's right to receive the payment is established or after received of dividend, which is generally when shareholders approve the dividend.

## **3.5 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. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

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 the company'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 cost 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 de-recognition is recognized 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 de-recognition, 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. The company 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, the company 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 the company's historical experience and informed credit assessment and including forward-looking information.

The company 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 The company to actions such as realizing security (if any is held).

### **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.

### **3.6 Cash and cash equivalents**

Cash and cash equivalents consists of cash on hand and with banks on current accounts, deposit accounts and short-term investments which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

### **3.7 Earnings Per Share (EPS)**

Earnings Per Share (EPS) are calculated in accordance with the International Accounting Standard IAS 33: Earnings Per Share.

#### **Basic earnings per share**

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the entity by the weighted average number of ordinary shares outstanding during the period.

#### **Diluted earnings per share**

For the purpose of calculating Diluted earnings per shares, an entity adjusts profit or loss attributable to each ordinary equity holders of the entity, and weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares. Diluted EPS is only calculated where the company has commitment to issue ordinary share in future at reporting date. No such commitment is hold by company at reporting date.

### **3.8 Foreign currency transactions**

Foreign currency transactions are recorded, on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period in compliance with the provision of IAS 21: The Effects of Changes in Foreign Exchange Rates.

- a) Foreign currency monetary items are translated using the closing rate.
- b) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rate different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in Profit or loss in the period in which they arise.

### 3.9 Employee benefits

The company maintains defined contribution 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. The plan is funded and 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. BSCCL has a separate recognized provident fund scheme. All permanent employees of BSCCL contribute 10% of their basic salary to the provident fund and the company makes matching contributions.

#### (b) Defined Benefit Plan (Gratuity)

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.

#### (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.

### 3.10 Tax Holiday Reserve

Tax holiday reserve has also been created using applicable exemption rate of income tax as prescribed by the Income Tax Ordinance 1984 for IIG operation income (IP Transit service) as the Company has been granted tax holiday by the National Board of Revenue (NBR) (Ref: Note No. 08.01.0000.035.01.0021.2013 dated 12 February 2014) for a period of 10 periods effective from 01 July 2013 to 30 June 2023 under section 46(c) of ITO 1984 in the following manner:

<u>Period</u>	<u>Tax exemption rate</u>
First two periods (1 July 2013 to 30 June 2015)	100%
Third period (1 July 2015 to 30 June 2016)	80%
Fourth period (1 July 2016 to 30 June 2017)	70%
Fifth period (1 July 2017 to 30 June 2018)	60%
Sixth period (1 July 2018 to 30 June 2019)	50%
Seventh period (1 July 2019 to 30 June 2020)	40%
Eighth period (1 July 2020 to 30 June 2021)	30%
Ninth period (1 July 2021 to 30 June 2022)	20%
Tenth period (1 July 2022 to 30 June 2023)	10%

### 3.11 Accruals, provisions and contingencies

#### (a) Accruals

Accruals are liabilities to pay for 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 and other payables.

#### (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 recognized as a finance cost. During the reporting period the company has made sufficient provisions where applicable.

#### **(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. At the reporting date the company does not have any contingent asset.

#### **3.12 Statement of cash flows**

The Statement of Cash Flows has been prepared in accordance with the requirements of IAS 7: Statement of Cash Flows. The cash generating from operating activities has been reported using the Direct Method and Indirect Method as prescribed by the Securities and Exchange Rules, 1987 and as the benchmark treatment of IAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

#### **3.13 Related party disclosures**

As per Bangladesh Accounting Standards IAS 24: Related Party Disclosures, parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in Note 52.

#### **3.14 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 in accordance with IAS 12: Income Tax.

##### **(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 rate used for the reporting period was 25% as a publicly traded company.

##### **(b) Deferred tax**

Deferred tax is recognised as income or an expense amount within the tax charge, and included in the net profit or loss for the period. Deferred tax relating to items dealt with as Other Comprehensive income (such as a revaluation) is recognised as tax relating to Other Comprehensive income within the statement of Profit or loss and Other Comprehensive income.

#### Taxable Temporary difference

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

#### Revaluations to fair value – Property, Plant and Equipment

The revaluation does not affect taxable profits in the period of revaluation and consequently, the tax base of the asset is not adjusted. Hence a temporary difference arises. This is provided for in full based on the difference between carrying amount and tax base. An upward revaluation is therefore give rise to a deferred tax liability.

#### Deductible temporary difference

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

### **3.15 Events after the Reporting period**

Events after the reporting period that provide additional information about the company's position at the statement of financial position date are reflected in the financial statements as per International Accounting Standards IAS 10: Events after the Reporting Period.

All material events occurring after the balance sheet date have been considered and where necessary, adjusted for or disclosed.

#### **Compliance with financial reporting standards as applicable in Bangladesh:**

The Company as per Para-12 of Securities & Exchange Rule-1987, with the following International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) in preparing the financial statements.

IAS No.	IAS Title	Compliance Status
1	Presentation of Financial Statements	Complied
2	Inventories	Not applicable
7	Statement of Cash Flows	Complied
8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
10	Events after the Reporting Period	Complied
12	Income Taxes	Complied
16	Property, Plant & Equipment	Complied
17	Leases	Complied
19	Employee Benefits	Complied
20	Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
21	The Effects of Changes in Foreign Exchange Rates	Complied
23	Borrowing Costs	Complied
24	Related Party Disclosures	Complied
26	Accounting and Reporting by Retirement Benefit Plans	Not applicable
27	Separate Financial Statements	Not applicable
28	Investments in Associates and Joint Ventures	Not applicable
29	Financial Reporting in Hyperinflationary Economics	Not applicable
31	Interest in Joint Ventures	Not applicable
32	Financial Instruments: Presentation	Complied
33	Earnings per Share	Complied
34	Interim Financial Reporting	Complied
36	Impairment of Assets	Complied
37	Provisions, Contingent Liabilities and Contingent Assets	Complied
38	Intangible Assets	Not applicable

<b>IFRS No.</b>	<b>IFRS Title</b>	<b>Compliance Status</b>
1	First-time adoption of International Financial Reporting Standards	Not applicable
2	Share-based Payment	Not applicable
3	Business Combinations	Not applicable
4	Insurance Contracts	Not applicable
5	Non-current Assets Held for Sale and Discontinued Operations	Not applicable
6	Exploration for and Evaluation of Mineral Resources	Not applicable
7	Financial Instruments: Disclosures	Complied
8	Operating Segments	Not applicable
9	Financial Instruments	Complied
10	Consolidated Financial Statements	Not applicable
11	Joint Arrangements	Not applicable
12	Disclosure of Interests in other Entities	Not applicable
13	Fair Value Measurement	Complied
14	Regulatory Deferral Accounts	Not applicable
15	Revenue from Contracts with Customers	Complied
16	Leases	Not applicable
17	Insurance Contracts	Not applicable



		Amount in Taka	
		31-Mar-2020	30 June 2019
<b>4 Property, plant and equipment</b>			
Cost/ revaluation (A)			
Opening balance		9,549,402,528	9,499,133,939
Add: Purchased/Recognised during the period		83,865,924	53,510,993
Less: Adjustment during the period		(55,501,047)	(3,242,404)
		<u>9,577,767,405</u>	<u>9,549,402,528</u>
Accumulated Depreciation (B)			
Opening balance		2,684,518,697	2,231,771,972
Add: Charged during the period		340,316,115	455,044,662
		<u>3,024,834,813</u>	<u>2,686,816,633</u>
Less: Adjustment during the period		(41,281,556)	(2,297,936)
		<u>2,983,553,257</u>	<u>2,684,518,697</u>
Written Down Value (A-B)		<u>6,594,214,148</u>	<u>6,864,883,830</u>

A schedule of property, plant & equipment is given in Annexure-A.

#### 5 Trade and other receivables

Trade receivables	(Note: 5.1)	2,250,535,433	1,997,684,077
Other receivables	(Note: 5.2)	53,301,484	42,571,624
		<u>2,303,836,917</u>	<u>2,040,255,701</u>

#### 5.1 Trade receivables

Opening Balance		2,233,381,822	1,777,847,992
Add: Addition during the period		2,191,954,429	2,356,317,211
		<u>4,425,336,251</u>	<u>4,134,165,204</u>
Less: Collection during the period		(1,806,017,265)	(1,900,783,382)
Closing Balance		<u>2,619,318,987</u>	<u>2,233,381,822</u>
Less: Provision for bad and doubtful debts			
Opening Balance		235,697,745	159,439,126
Add: Addition during the period (Note-38)		133,085,809	76,258,619
		<u>368,783,554</u>	<u>235,697,745</u>
Trade receivables, net of provision		<u>2,250,535,433</u>	<u>1,997,684,077</u>

Provision for bad and doubtful debts has been made as per company policy and as recommended by Audit Committee.

#### 5.2 Other receivables

Dividend		3,150	3,150
ICB Securities Trading Co. Ltd.		3,340	3,790
FDR Interest & Others		53,294,994	42,564,684
		<u>53,301,484</u>	<u>42,571,624</u>

Amount in Taka	
31-Mar-2020	30 June 2019

## 6 Advances and Deposits

### Advances

#### Advance to:

Sony Chocolate Industries Ltd.  
 Employees against Expenses  
 Employee against Salary  
 Civil Works Consultant Limited  
 Milky & Associates  
 BUET  
 BTCL  
 Mustafa Tariq Hossain & Associates  
 M.K. Electronics  
 Others

(Note: 6.1)

14,372,000	18,872,000
274,661	349,727
2,118,370	2,140,520
57,500	57,500
12,000	12,000
21,735	21,735
10,000,000	10,000,000
670,500	670,500
20,000	-
299,874	279,874
<b>27,846,640</b>	<b>32,403,856</b>

### Deposits

Security deposit - Duncan Products Limited  
 BTCL - for phone line  
 CDBL - as security deposit  
 Security deposit - BTRC for International Internet Gateway  
 (IIG) license  
 Sikder Filing Station  
 Kamal Trading Agency  
 Southern Automobiles Ltd.  
 Patuakhali Palli Bidyut Samity

5,000	5,000
23,000	23,000
500,000	500,000
600,000	600,000
100,000	100,000
50,000	50,000
250,000	250,000
2,871,598	2,871,598
4,399,598	4,399,598
<b>32,246,239</b>	<b>36,803,454</b>

## 6.1 Advance for Office Rent (Sony Chocolate Industries Ltd.)

Opening balance  
 Add: Paid during the period  
 Less: Adjustment during the period

18,872,000	23,750,000
-	1,122,000
(4,500,000)	(6,000,000)
<b>14,372,000</b>	<b>18,872,000</b>

## 7 Advance Income Tax

Opening balance  
 Add: Payment made during the period  
 Less: Settlement/Adjustment

412,835,551	298,066,627
97,230,017	115,005,606
510,065,568	413,072,233
(122,500)	(236,682)
<b>509,943,068</b>	<b>412,835,551</b>

## 8 Investment in Shares

SL	Ordinary shares of	Quantity	Cost price (Taka)	Market value	Market value
1	AB Bank Limited	137,581	3,209,275	1,100,648	1,375,810
2	ACI Limited	4,290	764,725	843,414	1,024,906
3	BATASHOE	1,000	696,429	693,200	1,026,900
4	BEXIMCO Limited	216,863	10,731,965	2,819,219	4,857,731
5	IFIC Bank Limited	135,399	1,765,186	1,232,131	1,408,150
6	Islami Bank BD Limited	39,091	951,084	660,638	922,548
7	Jamuna Oil Limited	23,716	4,392,440	3,279,923	4,121,841
8	MPetroleum	24,816	4,962,456	3,915,965	4,916,050
9	NCC Bank Limited	183,071	1,698,208	2,196,852	2,617,915
10	Padma Oil Limited	18,150	4,835,160	3,041,940	4,185,390
11	Square Pharma	23,897	2,633,566	4,410,653	6,315,977
12	Titas Gas	39,570	2,744,885	1,183,143	1,574,886
			<b>39,385,378</b>	<b>25,377,726</b>	<b>34,348,102</b>

Amount in Taka	
31-Mar-2020	30 June 2019

Investment in shares is recognised and measured according to IFRS 9 as stated in note 3.5.

## 9 Cash and cash equivalents

Cash in hand	(Note: 9.1)	3,438,054	604,146
Cash at bank	(Note: 9.2)	2,242,390,871	2,022,535,858
		<u>2,245,828,925</u>	<u>2,023,140,004</u>

### 9.1 Cash in hand

Head Office-Dhaka	2,718,563	560,188
Landing Station-Kuakata	358,480	1,576
Landing Station-Cox's Bazar	361,011	42,382
	<u>3,438,054</u>	<u>604,146</u>

### 9.2 Cash at bank

#### Savings and current deposits with:

Sonali Bank Limited-Dhaka	6,135,997	11,748,931
Sonali Bank Limited-Cox'sbazar	5,926,551	1,308,773
National Bank Limited	3,561,574	701,819
Mutual Trust Bank Limited	11,227,954	11,075,580
Brac Bank Limited	694,011	685,244
IFIC Bank Limited	178,940	178,296
The City Bank Limited	29,877,315	-
United Commercial Bank Limited	73,325,576	109,371,266
	<u>130,927,918</u>	<u>135,069,910</u>

#### Fixed deposits (FDR) with:

Agrani Bank Limited	121,304,250	-
Bangladesh Development Bank Ltd.	30,000,000	-
Brac Bank Limited	342,967,109	420,865,679
Bank Asia Ltd.	100,000,000	72,056,000
BASIC Bank Limited	250,877,500	285,386,450
Mutual Trust Bank Limited	137,125,417	157,315,687
IFIC Bank Limited	317,530,262	258,891,187
Prime Bank Limited	-	21,359,511
One Bank Limited	74,484,873	73,379,241
Southeast Bank Ltd.	155,287,657	200,655,763
Standard Bank Limited	124,852,513	105,112,747
Jamuna Bank Limited	156,398,431	94,841,907
Janata Bank Limited	10,000,000	-
Pubali Bank Limited	64,010,358	42,436,012
The City Bank Ltd.	55,000,000	-
Uttara Bank Ltd	10,000,000	-
United Commercial Bank Limited	161,624,583	155,165,764
	<u>2,111,462,953</u>	<u>1,887,465,948</u>
	<u>2,242,390,871</u>	<u>2,022,535,858</u>

The fixed deposits will be matured within 3 (three)/6 (Six) months , nine months, and yearly.

Amount in Taka	
31-Mar-2020	30 June 2019

## 10 Share capital

### Authorized:

1,000,000,000 ordinary shares of Taka 10 each

<u>10,000,000,000</u>	<u>10,000,000,000</u>
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### Issued, subscribed and paid up capital:

31,000,000 Ordinary Shares of Taka 10 each fully paid up in cash  
 140 Ordinary share of Taka 10 each fully paid up in cash to GOB  
 67,314,640 ordinary shares of Tk.10 each fully paid up other  
 than cash to MoPT, GOB  
 66,590,730 Ordinary shares of Tk. 10 each issued as Bonus Share

310,000,000	310,000,000
1,400	1,400
673,146,400	673,146,400
<u>665,907,300</u>	<u>665,907,300</u>
<u>1,649,055,100</u>	<u>1,649,055,100</u>

## 11 Equity Money from GoB

<u>1,660,000,000</u>	<u>1,660,000,000</u>
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The above amount has been received from Government for implementing the Regional Submarine Telecommunications Project, Bangladesh (Installation and Establishment of Second Submarine Cable System (SMW5) for International Telecommunications in Bangladesh) as Equity Money which will be converted into shares after getting proper approval from Concerned Authority.

## 12 Share premium

<u>723,293,759</u>	<u>723,293,759</u>
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In the year 2011-2012, total amount of Tk. 775,000,000 was received as share premium in respect of shares issued to shareholders. Net issue cost of Tk 51,706,241 was set off against share premium as per IAS 32: Financial Instruments: Presentation.

## 13 Tax holiday reserve

Opening balance  
 Add: Current period's reserve

714,543,555	706,977,180
19,109,461	7,566,376
<u>733,653,017</u>	<u>714,543,555</u>

## 14 Revaluation reserve

Opening balance  
 Less: Adjustment with deferred tax liability

336,165,684	336,165,684
-	-
<u>336,165,684</u>	<u>336,165,684</u>

This amount represents the revalued amount of Land at Cox's Bazar. This revaluation has been done by a Professional Valuer named A B SAHA & CO., Chartered Accountants in the financial year 2010-11. Valuation work has been carried out on the basis of Guidelines issued by the Ministry of Finance in valuing Assets of State Owned Companies as well as professional Judgement. In making Valuation of Assets both Depreciated Replacement Costs and Revaluation Method as suggested in the aforementioned guidelines were followed. In addition requirements of IAS and IFRS was considered. Valuation was made on the basis of 100% inventory, Present condition of assets, Current Market price, inflationary trend of the country, Estimated life time of assets etc.

Amount in Taka	
31-Mar-2020	30 June 2019

## 15 Retained Earnings

Opening balance	1,304,618,748	808,879,808
Add: Profit for the period	656,329,512	585,758,071
	1,960,948,261	1,394,637,879
Less: Dividend paid during the period	263,848,816	82,452,755
Transfer to WPPF	-	-
Transferred to Tax Holiday Reserve	19,109,460	7,566,376
	282,958,276	90,019,131
	<u>1,677,989,984</u>	<u>1,304,618,748</u>

## 16 Deferred tax liabilities

Deferred tax assets and liabilities have been recognized and measured in accordance with the provisions of IAS 12: Income Taxes. Related deferred tax expense/(income) have been disclosed in Note: 43. Deferred tax assets and liabilities are attributable to the following:

Deferred tax relating to statement of profit or loss	(Note: 16.1)	501,074,383	465,768,372
Deferred tax relating to other comprehensive income	(Note: 16.2)	10,396,877	10,396,877
		<u>511,471,260</u>	<u>476,165,249</u>

### 16.1 Deferred tax relating to Statement of Profit or Loss

	Carrying amount	Tax base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
<b>As at 31 March 2020</b>			
Property, plant and equipment (excluding land)	6,125,040,110	3,734,337,194	2,390,702,916
Accounts receivable (Note: 5.1)	2,250,535,433	2,619,318,987	(368,783,554)
Provision for pension, gratuity fund and provident fund (Note: 18)	(17,621,832)	-	(17,621,832)
Net Taxable Temporary Difference			2,004,297,530
Applicable tax rate			25%
Deferred tax liability			<u>501,074,383</u>

### As at 30 June 2019

#### Deferred tax relating to Statement of Profit or Loss

	Carrying amount	Tax Base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
Property, plant and equipment (excluding land)	6,395,709,792	4,276,088,082	2,119,621,711
Accounts receivable (Note: 5.1)	1,997,684,077	2,233,381,822	(235,697,745)
Provision for pension, gratuity fund and provident fund	(20,850,482)	-	(20,850,482)
Net Taxable Temporary Difference			1,863,073,484
Applicable tax rate			25%

Amount in Taka	
31-Mar-2020	30 June 2019
	465,768,372

Deferred tax liability

**16.2 As at 31 March 2020**

Deferred tax relating to other comprehensive income

Carrying amount	Tax Base	Taxable/ (deductible) temporary difference
Taka	Taka	Taka
Revaluation reserve of property, plant and equipment	346,562,561	-
Applicable tax rate		3%
Deferred tax liability		<u>10,396,877</u>

As at 30 June 2019

Deferred tax relating to other comprehensive income

Carrying Amount	Tax Base	Taxable/ (deductible) temporary difference
Taka	Taka	Taka
Revaluation reserve of property, plant and equipment	346,562,561	-
Applicable tax rate		3%
Deferred tax liability		<u>10,396,877</u>

**17 Security deposits received from clients**

Opening Balance	220,378,430	164,005,987
Add: Addition during the period	76,485,200	84,652,148
	296,863,630	248,658,135
Less: Adjustment during the period	10,041,767	28,279,705
	<u>286,821,863</u>	<u>220,378,430</u>

**18 Employees' pension, gratuity and provident fund**

Employees' pension fund	(Note: 18.1)	13,808,952	13,808,952
Employees' gratuity fund	(Note: 18.2)	1,360,905	4,901,587
Employees' provident fund	(Note: 18.3)	2,451,974	2,139,943
		<u>17,621,832</u>	<u>20,850,482</u>

**18.1 Employees' pension fund**

<u>13,808,952</u>	<u>13,808,952</u>
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This represents amount payable to BTCL employees worked on deputation and the amount incorporated in the vendor agreement. The above noted amount is adequate against the liabilities on account of the employees worked for the Company as deputed from BTCL and therefore no additional provision has been made in the accompanying financial statements. The Company however, does not have any pension fund.

Amount in Taka	
31-Mar-2020	30 June 2019

## 18.2 Employees' gratuity fund

Opening balance	4,901,587	8,019,892
Add: Provision made during the period	6,569,400	10,744,235
	11,470,987	18,764,127
Less: Paid/Transferred during the period	(10,110,081)	(13,862,540)
	<u>1,360,905</u>	<u>4,901,587</u>

## 18.3 Employees' provident fund

Opening balance	2,139,943	1,926,571
Add: Employees' Contribution	2,366,767	4,081,974
Employer's Contribution	2,369,584	4,081,974
Less: Transferred to RCPF during the period	(4,424,320)	(7,950,576)
	<u>2,451,974</u>	<u>2,139,943</u>

## 19 Term Loan

Opening balance	2,891,699,606	2,968,702,678
Received during the period	-	-
Total IDB Loan	<u>2,891,699,606</u>	<u>2,968,702,678</u>
Less: Payment during the period	(161,005,724)	(77,003,072)
	<u>2,730,693,882</u>	<u>2,891,699,606</u>
Current portion of Long Term Loan	(306,051,485)	(331,816,695)
Non-current portion of Long Term Loan	<u>2,424,642,398</u>	<u>2,559,882,911</u>

### Term Loan Particulars:

Islamic Development Bank (IDB)

Loan has been taken from IDB through Bangladesh Government for implementation of Regional Submarine Telecommunications Project, Bangladesh (SMW-5) Project. An agreement named Installment Sale Agreement between The Government of People's Republic of Bangladesh and IDB has been signed on 27 August 2014 with effect from 24 November 2014 for loan amount of USD 44 million. Actual loan received by BSCCL in USD 38.048 million. Subsequently Bangladesh Submarine Cable Company Limited signed a subsidiary loan agreement with The Government of People's Republic of Bangladesh, Ministry of Finance, Finance Division on 15 February 2015. This sub-loan is for a 13 years term with a gestation period of 3 years and the interest payable will be @ 6% per annum.

## 20 Sundry creditors

17th BCS Forum	-	50,000
Anika Enterprise	69,310	69,310
Asia Pacific Communication Ltd.	17,167	17,167
Bangladesh Parjatan Corporation	-	40,958
Bangladesh Science House	139,500	-
BTCL Staff College Focus Point	23,000	-
BTRC	12,884,913	-
BD ren	-	3,800,000
Capital Law Chamber	146,280	146,280
Cogent Communication Ltd	308,663	471,630
Cyber Link	4,975	63,145
Design Associates	78,599	-
Dynamic Travels	-	718,940
ECCE, CUET	50,000	50,000
Equinix Singapore PTE Ltd.	1,947,465	1,322,185

Expo Media & Publications Ltd.  
Express Systems Ltd.  
Fames & R  
Fiber@Home Ltd  
Habib Intelligent Software Ltd.  
Huawei Technologies (BD). Limited  
Hurricane Electric Internet Service  
ICAB Puja Udjapan Parishad  
ICB Securities Trading Company Limited  
Innovative Technology & Engineering  
Jatir Alo  
KK Enterprise  
Kazi Mynul Hassan  
Legacy Legal Corporate  
M.M.International  
Manik Traders  
Milky & Associates  
Modern Ereccion Ltd.  
Murad Reza  
New S.N. Motors  
Next Tech Ltd.  
NTT communications Ltd.  
Partex Furniture  
Payable to BTCL  
Payable to BTCL Staff College(Focus Point)  
Payable to BTRC  
Peshajibi Samonnoy Parishad  
Royal Office Equipment  
S.F.Ahmed & Co.  
S.T. Enterprise  
SA Rashid & Associates  
Share Money Deposit  
Sikder Filling & Service Station  
Sony Chocolate Industries Ltd.  
Southern Automobiles Ltd.  
Spectrum Engineering Consortium Limited  
Summit Communications Ltd.  
Telecom Italia Sparkle Ltd.  
Telnet Communication Ltd.  
Temporary Loan from Project Director # SMW5  
The Daily Bangladesh Pratidin  
The Financial Express  
Unclaimed dividend  
Unearned Revenue  
Withholding tax payable  
Zetta Power  
Zico Motors

Amount in Taka	
31-Mar-2020	30 June 2019
-	7,000
4,324,450	4,374,450
-	174,225
8,654,562	10,654,560
495,875	322,875
-	93,649
664,489	-
-	20,000
1,610,932	1,610,932
24,188	-
-	40,000
544,874	6,795,394
71,875	-
-	74,750
817,317	509,998
-	38,812
116,602	116,602
-	220,500
143,750	-
16,700	16,700
5,600	5,600
8,557,110	5,463,914
-	120,909
56,223,447	105,735,016
-	23,000
-	7,680,789
25,000	25,000
-	16,000
-	299,000
41,918	91,753
28,750	28,750
109,101	109,101
-	126,305
350,763	361,103
-	29,751
2,209,492	184,492
4,021,591	11,314,629
15,184,686	19,245,591
-	3,675
1,000	1,000
-	37,260
181	181
34,031,520	4,874,395
-	3,329,988
24,136,695	22,920,030
-	37,950
37,950	37,950
<b>178,120,290</b>	<b>213,923,194</b>
21 Provision for income tax	
Opening balance	393,874,301
Add: Provision made during the period	163,945,888
Less: Settlement for previous period	-
	<b>557,820,189</b>
	<b>393,874,301</b>



Amount in Taka	
31-Mar-2020	30 June 2019

For the income year 2010-2011 an amount of Tk. 25,240,639 has been demanded by DCT against of which appeal is processed to High Court Division. For the income year 2012-2013 after revised assessment of DCT the demand amount is Tk. 7,879,309 which has already been paid and receiving certificate is pending. We have filed an appeal for the Income year 2013-2014 to the High Court Division. As per revised order of DCT Tk. 4,079,846 has been deposited and receiving certificate is pending for the year 2014-2015. Assessment Order of income year 2015-2016 was received in which DCT demanded Tk. 8,203,930 and further appeal was made to the Tribunal and the Tribunal confirm one portion and set aside the other portion. Appeal was made to the Commissioner (Appeal) for set aside portion. Return of the income year 2016-2017 was filed to DCT for assessment and DCT demanded Tk. 46,830,131 for this year against which appeal was made to the Commissioner (Appeal) and the order from Appeal (commissioner) has been issued for both the income year. Now assessment for the year 2015-2016 and 2016-2017 remains under process at DCT. Return of the income year 2017-2018 remains under process at Commissioner (appeal) and income year 2018 2019 at DTC..

**22 Provision for WPPF and WF**

Opening balance	38,948,113	14,693,423
Add: Provision made during the period	42,779,071	38,948,113
	81,727,184	53,641,536
Less: Settlement for previous period	(38,948,113)	(14,693,423)
	<u>42,779,071</u>	<u>38,948,113</u>

**23 VAT Payable**

VAT payable against Receivable	513,381,220	523,727,987
VAT payable against Deduction at source	1,155,789	20,050,945
	<u>514,537,009</u>	<u>543,778,932</u>

This represents the amount of Tk.51,33,81,220 VAT receivable from clients against revenue receivable arising from International Private Leased Circuit (IPLC) rentals, IP transit service, and Co-location charges. VAT deducted from other parties and suppliers has been deposited.

**24 Liabilities for expenses**

Office rent	4,800,000	4,800,000
Audit & other fees	69,000	69,000
Provision for different expenses	56,763	927,887
Telephone bill	2,106	19,350
Electricity bill	690,625	236,164
Donation	9,364	9,364
	5,627,858	6,061,765
Accrued Interest on IDB loan	85,796,223	218,909,724
	<u>91,424,082</u>	<u>224,971,489</u>

	Amount in Taka		Amount in Taka	
	July- March 2020	July- March 2019	Jan-March-2020	Jan-March-2019
<b>25 IPLC (International Private Leased Circuit) Rent</b>				
SMW-4	532,247,818	532,647,317	198,291,615	180,354,847
SMW-5	848,074,977	505,903,142	327,526,532	197,474,028
	<u>1,380,322,796</u>	<u>1,038,550,460</u>	<u>525,818,147</u>	<u>377,828,876</u>

**26 Circuit activation charge**

Circuit Activation Charge-IPLC-SMW-4	4,640,000	1,650,000	1,820,000	350,000
Circuit Activation Charge-IPLC-SMW-5	5,100,000	12,760,000	2,470,000	3,600,000
Circuit Activation Charge-IIG	300,000	530,000	-	650,000
Circuit Activation Charge-ISP(IIG)	32,000	370,000	17,000	-
Circuit Activation Charge-ITC	100,000	100,000	-	100,000
Circuit Activation Charge-Co-location-IIG	6,000	9,000	-	-
Circuit Activation Charge-Co-location-SMW-4	810,000	60,000	250,000	-
Circuit Activation Charge-Co-location-SMW-5	610,000	840,000	783,000	160,000
	<u>11,598,000</u>	<u>16,319,000</u>	<u>5,340,000</u>	<u>4,860,000</u>

This represents charges imposed to clients for activation of new circuits.

<b>27 IP Transit Service</b>	<u>342,455,119</u>	<u>293,501,989</u>	<u>130,420,480</u>	<u>101,847,024</u>
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This represents the service charges for providing internet bandwidth to IIGs and ISPs.

**28 Co-Location Charges**

IIG	19,110	3,582	9,654	-
SMW-4	18,759,643	17,232,156	7,187,915	5,659,674
SMW-5	25,032,133	11,915,092	8,742,041	4,982,535
	<u>43,810,886</u>	<u>29,147,248</u>	<u>15,939,610</u>	<u>10,642,209</u>

This represents charges to customers for using BSCCL's resources at Cox's Bazar, Kuakata and Dhaka.

<b>29 IP Transit Service -Export</b>	<u>36,848,250</u>	<u>43,721,638</u>	<u>6,368,250</u>	<u>15,665,938</u>
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This represents charges to Bharat Sanchar Nigam Limited (BSNL) for IP transit service. Export to BSNL has been discontinued from February 2020.

Referring to the note number 25 to 29, Bangladesh Submarine Cable Company Limited (BSCCL)'s turnover is mainly comprised of IPLC Rent, IP Transit Service and Co-location Service. BSCCL has implemented Regional Submarine Telecommunications Project, Bangladesh (SMW-5) Project and started providing service commercially through the system during the year under consideration. In addition to that, substantial effort of BSCCL's management, Govt. policy of digitalization of govt. service and introduction of 4G services contributed to increase in overall IPLC consumption in the country. Consequently, BSCCL's revenue also increased.

**30 Electricity and generator fuel**

Electricity bill	7,768,362	7,143,164	2,371,222	1,551,729
Fuel for generator	1,274,740	1,312,938	538,840	598,800
	<u>9,043,102</u>	<u>8,456,102</u>	<u>2,910,062</u>	<u>2,150,529</u>

This cost is directly related to cost of operation.

	Amount in Taka		Amount in Taka	
	July- March 2020	July- March 2019	Jan-March-2020	Jan-March-2019
31 Landing station and cable route repair	810,473	1,234,579	226,005	732,311

This cost is directly related to repair and maintenance for Cox's Bazar landing station and cable route.

32 Backhaul & Data Connectivity Charge

Backhaul Charge	82,302,350	109,320,245	26,689,178	23,288,522
Data Connectivity & Fiber Core Charge	622,837	406,148	190,661	177,068
Revenue Sharing Cost	5,204,124	4,815,080	1,745,824	1,613,498
Lisence Renewal Fees	287,500	-	-	-
	<u>88,416,810</u>	<u>114,541,473</u>	<u>28,625,662</u>	<u>25,079,088</u>

This cost represents backhaul charges and for data connectivity & fiber core charge.

33 IP Transit Cost	<u>38,456,396</u>	<u>35,855,213</u>	<u>13,035,403</u>	<u>12,079,751</u>
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This cost represents the cost of purchasing IP bandwidth from Telecom Italia Sparkle, NTT Communications Ltd, Equinix Singapore Pte Ltd. and Cogent Communications Ltd.

34 Lease Rent	<u>298,810</u>	<u>662,483</u>	<u>-</u>	<u>-</u>
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This rent represents rent of leasing land of beach manhole for Kuakata landing station from Bangladesh Parjaton Corporation.

35 Depreciation of core machinery	<u>313,302,392</u>	<u>314,451,803</u>	<u>104,494,600</u>	<u>107,924,560</u>
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This represents the depreciation charged on core machinery which are directly related to IPLC and IP transit revenue.

In the year 2018-2019, considering the estimated useful life of the Assets, Management has changed depreciation method of Building-SMW4, Floor Development-SMW-4, Deep Tubewell and Pump House-SMW-4, Boundary Wall-SMW4, Ducting From Beachman Hole and Colocation Point-SMW-4 from Reducing Balance Method to Straight Line method to reflect fair presentation of the financial results and financial position. For further details Annexure-A is referred.

36 Operation and maintenance expenses

This represents amount paid to SEA-ME-WE 4 & 5 during the period for expenses of cable operation and maintenance purpose. The break-up of the expenses is as under:

SEA-ME-WE-4	17,958,760	2,423,358	3,988,422	2,423,358
SEA-ME-WE-5	<u>132,336,838</u>	<u>145,555,376</u>	<u>43,653,212</u>	<u>68,020,356</u>
	<u>150,295,598</u>	<u>147,978,734</u>	<u>47,641,634</u>	<u>70,443,714</u>

Amount in Taka		Amount in Taka	
July- March 2020	July- March 2019	Jan-March-2020	Jan-March-2019

37 General and administrative expenses

Advertisement and publicity expenses	1,523,071	1,815,089	329,150	696,883
AGM expenses	651,665	653,954	126,371	144,066
Audit Fees	44,850	-	44,850	-
Bank charges and commission	1,373,801	977,987	601,065	448,237
Board and other meetings fees	3,503,865	2,739,513	1,067,979	875,785
Books & Periodicals	45,736	46,764	9,455	13,644
Business Development Expenses	4,000,646	1,395,070	1,434,471	474,632
Consortium meeting expenses	3,780,634	709,368	1,071,115	709,368
Consultancy fees	238,050	310,500	-	103,500
CSR Expenses	2,039,500	-	-	-
Entertainment	1,330,495	1,161,798	343,756	393,898
Fees and Subscription	848,433	1,587,454	692,562	907,583
Festival bonus	9,237,163	3,090,820	-	-
Gratuity provision	6,569,400	9,710,066	1,131,393	3,867,418
Innovation Expenses	259,712	-	246,655	-
Insurance Premium	10,138	-	-	-
Internet Expenses	-	287,204	-	181,754
Legal Fees	2,482,634	4,061,133	1,021,853	1,913,485
Managing Director's remuneration	1,612,906	2,649,894	359,719	865,500
National Integrity and Strategy Training Exp.	854,241	976,112	227,024	348,719
Office Expenses	446,036	-	161,758	-
Office rent	14,707,350	10,505,250	4,902,450	3,501,750
Postage and courier expenses	29,357	35,051	5,602	8,652
Printing and Office stationery	2,060,737	2,100,486	697,012	707,882
Reception & Dinner	959,802	473,574	959,802	-
Recruitment expenses	420,213	537,300	8,000	-
Rent, rates & taxes	381,580	351,605	-	351,605
Repair and maintenance	1,531,447	2,052,827	537,651	492,364
Salary and allowances	78,528,276	70,731,063	25,797,852	24,166,158
Telephone Bill	28,977	55,081	1,500	26,719
Training Expenses	2,364,631	1,077,192	1,119,011	295,200
Travelling & conveyance	1,441,619	1,416,942	633,467	582,746
Vehicles Maintenance	1,575,877	1,837,969	601,227	687,850
Vehicles running expenses	1,688,203	1,973,763	492,975	621,935
	<b>146,571,045</b>	<b>125,320,828</b>	<b>44,625,724</b>	<b>43,387,333</b>

**38 Provision for bad & doubtful debts**

Closing balance of provision for bad & doubtful debts	368,783,554	231,880,014	368,783,554	231,880,014
Less: Opening balance of provision for bad & doubtful debts	<u>235,697,745</u>	<u>159,439,126</u>	<u>317,857,108</u>	<u>224,806,751</u>
	<u><u>133,085,809</u></u>	<u><u>72,440,888</u></u>	<u><u>50,926,446</u></u>	<u><u>7,073,263</u></u>

Provision made for the period according to the company policy.

Amount in Taka		Amount in Taka	
July- March 2020	July- March 2019	Jan-March-2020	Jan-March-2019

<b>39 Depreciation on property, plant and equipment</b>	<u>27,013,722</u>	<u>24,197,139</u>	<u>9,016,751</u>	<u>7,995,714</u>
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This represents the depreciation charged on other than core machinery. For further details Annexure-A is referred.

**40 Bank interest and other income**

Rest house income and others	492,309	12,927,686	176,806	1,685,326
Other Income	512,899	-	217,047	-
Interest on FDR & Others	131,251,826	81,260,929	42,585,310	31,331,749
Charge for backhaul shifting	-	-	-	-
Landing Station Cross Connection Charge	-	2,171,593	-	-
Dividend income	1,375,995	1,466,569	1,278,318	1,466,569
	<u>133,633,030</u>	<u>97,826,776</u>	<u>44,257,481</u>	<u>34,483,643</u>

**41 Gain/(loss) on investment in shares**

Opening market value of investment	34,348,102	35,974,737	26,837,688	34,941,158
Add: Investment during the period	-	-	-	-
Total cost of investment(B)	<u>34,348,102</u>	<u>35,974,737</u>	<u>26,837,688</u>	<u>34,941,158</u>
Closing Market Value of Investment (A)	<u>25,377,726</u>	<u>35,332,576</u>	<u>25,377,726</u>	<u>35,332,577</u>
Gain/(Loss)(A-B)	<u><u>(8,970,376)</u></u>	<u><u>(642,161)</u></u>	<u><u>(1,459,962)</u></u>	<u><u>391,419</u></u>

<b>42 Current tax expense</b>	<u>163,945,888</u>	<u>22,728,382</u>	<u>73,431,635</u>	<u>9,529,421</u>
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Details of current tax calculation has been shown in Annexure- B.

**43 Deferred tax (income)/expense**

Closing balance of deferred tax liability	501,074,383	431,653,796	501,074,383	431,653,795
Opening balance of deferred tax liability	465,768,372	342,815,911	491,269,393	397,524,680
Deferred tax (income)/expense	<u>35,306,011</u>	<u>88,837,885</u>	<u>9,804,990</u>	<u>34,129,116</u>

	Amount in Taka		Amount in Taka	
	July- March 2020	July- March 2019	Jan-March-2020	Jan-March-2019
<b>44 Basic Earnings Per Share (EPS)</b>				
Earnings attributable to the Ordinary Shareholders (Net profit after Tax)	656,329,512	407,944,227	284,096,759	171,975,906
Weighted average number of ordinary Shares outstanding during the period	164,905,510	164,905,510	164,905,510	164,905,510
<b>Earnings Per Share (EPS)</b>	<b>3.98</b>	<b>2.47</b>	<b>1.72</b>	<b>1.04</b>

The increase in EPS is the result of increase in revenue from the ordinary course of the business activities which has been disclosed in the notes 25 to 29 in the Revenue Part of the Statement of Profit or Loss and Other Comprehensive Income for the period under consideration. There was no Extraordinary Transactions during this period.

- 44.1 Diluted earnings per share is not calculated during the period because the value per share is not yet determined hence potential no. of shares could not be calculated due to pandemic situation of Covid-19. The Board of Directors of BSCCL has approved to appoint ICB Capital Management Limited as Issue Manager regarding issue of shares against share money deposit from GOB to comply the requirements of Financial Reporting Council(FRC).

	Amount in Taka	
	31-Mar-20	30 June 2019
<b>45 Net Asset Value</b>		
Total Assets	11,711,447,023	11,412,266,642
Less: Total Liabilities	4,931,289,478	5,024,589,795
	6,780,157,545	6,387,676,847
Number of Ordinary Shares of Tk. 10 each at Financial Position date	164,905,510	164,905,510
<b>NAV-Per Share</b>	<b>41.12</b>	<b>38.74</b>

**46 Net operating cash flows per share (NOCFPS)**

	Amount in Taka	
	July- March 2020	July- March 2019
Net cash flows from operating activities (A)	957,906,157	827,945,970
Number of Ordinary Shares of Tk. 10 each at Financial Position date	164,905,510	164,905,510
<b>Net operating cash flows per share (NOCFPS)</b>	<b>5.81</b>	<b>5.02</b>

Revenue of Bangladesh Submarine Cable Company Limited has been increased comparing to that of the period of previous year. Moreover, BSCCL has emphasized on revenue collection and took some stern steps for the realization which led to significant increment of Cash Received from clients as disclosed in the Statement of Cash Flows. Consequently Net Operating Cash Flow per Share of BSCCL has been increased comparing to that of the period of previous year. Please note that there was no cash flow due to Extraordinary Transactions during this period.

46.1 Reconciliation of Net income or Net profit with cash flows from operating activities.:

	Amount(Tk.)	
	July-March-2020	July-March-2019
Net Profit Before Tax	855,581,411	519,510,494
Adjustment to reconcile profit to net cash provided by operating activities		
Depreciation	340,316,115	338,648,943
Financial Charges	119,929,897	127,799,689
Loss on Investment in Share	8,970,376	642,161
Loss on Disposal of Fixed Assets	14,051,991	-
Provision for Bad debts	133,085,809	72,440,888.3
Exchange fluctuation gain	-	-
Other Income	(133,633,030)	(97,826,776.3)
(Increase)/Decrease in Advance Income tax	(97,107,517)	(88,451,240)
(Increase)/ Decrease in adv. & deposit	4,557,215	104,132,802
(Increase)/ Decrease in debtors	(385,937,165)	(444,940,712)
(Increase)/ Decrease in other receivable	121,527,175	4,222,486
Increase/(Decrease) in sundry creditors	(60,806,032)	125,980,131
Increase/(Decrease) in Security Deposit	66,443,434	62,389,339
Increase/(Decrease) in Employees Pension, Gratuity and PF	(3,228,650)	(3,985,346)
Increase/(Decrease) in Provision for WPPF and WF	3,830,958	11,282,103
Increase/(Decrease) in VAT Payable	(29,241,922)	96,414,575
Increase/(Decrease) in Liability for Expenses	(433,907)	(313,570)
Net cash flows from operating activities	<u>957,906,157</u>	<u>827,945,970</u>

#### 47 Contingent liabilities and commitments

BSCCL is currently involved in a number of legal proceedings, including inquiries from, or discussions with, governmental authorities that are incidental to its operations. However, 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 as such provision has not been recognised in these financial statements.

##### (i) BTCL claim office rent:

On 13 January 2013, BTCL claimed some office rent for using office space by BSCCL for the period from 01 July 2008 to 30 June 2012. BTCL claimed total Tk. 11,538,320 excluding VAT regarding office rent. Due to excess rent claimed by BTCL compare to market rate, BSCCL disagreed to pay the excess office rent and made a provision of Tk. 4,800,000 regarding this claim based on the market rent rate. As a result, a dispute of Tk. 6,738,320 was arisen between BSCCL and BTCL and the decision is pending for the long time.

##### (ii) Income Tax:

For the income year 2010-2011 an amount of Tk. 25,240,639 has been demanded by DCT against of which appeal is processed to High Court Division. Assessment Order of income year 2015-2016 was received in which DCT demanded Tk. 8,203,930 and further appeal was made to the Tribunal and the Tribunal confirm one portion and set aside the other portion. Appeal was made to the Commissioner (Appeal) for set aside portion. Return of the income year 2016-2017 was filed to DCT for assessment and DCT demanded Tk. 46,830,131 for this year against which appeal was made to the Commissioner (Appeal) and the order from Appeal (commissioner) has been issued for both the income year. Now assessment for the year 2015-2016 and 2016-2017 remains under process at DCT. Return of the income year 2017-2018 remains under process at Commissioner (appeal) & 2018-2019 remains under process at DCT.



#### 48 Related party disclosures

As per IAS 24 "Related Party Disclosures", a related party is a person or entity that is related to the entity (i.e. BSCCL) that is preparing its financial statements. Related party transaction is a transfer of resources, services, or obligations between a reporting entity and related party, regardless of whether a price is charged as per IAS 24.

Related parties include the company's directors, key management personnel, associates, companies under common directorship etc. as per IAS 24 "Related Party Disclosures". All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible.

(a) Name of the Directors along with all related Firms/Companies/Institutions/Parties as at 31 March, 2020.

Sl. No.	Name of the Directors	Status with the company	Name of the related Ministries/ Companies/ Parties etc.	Remarks
1	Mr. Md.Nur-Ur-Rahman	Chairman	Secretary, Posts & Telecommunications Division, MoPT & IT	Nominated by GO
2	Mr. Md.Azizul Islam	Director	Additional Secretary-Posts & Telecommunications division, MoPT & IT	Nominated by GO
3	Ms. Roksana Malek, NDC	Director	Additional Secretary-MoST	Nominated by GO
4	Mr. Md.Jalal Uddin	Director	Joint Secretary-MoF	Nominated by GO
5	Col Rakibul Karim Chowdhury, afwc, psc	Director	Col Staff, AHQ, GS Br (SD Dte), Dhaka Cantonment, Dhaka	Nominated by GO
6	Dr. Md. Mahbulul Alam Joarder	Director	Professor -Institute of Information Technology, University of Dhaka	Nominated by GO
7	Mr. Hossian Khaled	Independent Director	Director-DCCI	Nominated by GO
8	Mr. Nasir Uddin Ahmed, FCA, FCS	Independent Director	Council Member, ICAB & Partner, MABS & J Partners, Chartered Accountants	Nominated by GO
9	Mr. Mashiur Rahman	Managing Director	BSCCL	Nominated by GO

(b) Transactions with the following companies where the Directors of the company are related for the period ended 31 March 2020:

Sl No.	Name of the company (Related party)	Name of the Director	Relationship of the Director with the company	Type of transaction	Transactions during the period	Period end balance
1	Bangladesh Telecommunications Company Limited	Mr. Md.Nur-Ur-Rahman		Bandwidth sale	419,053,053	893,220,38
2	Bangladesh Telecommunications Company Limited	Mr. Md.Nur-Ur-Rahman		Co-location Purchase	496,800	964,80

3	Bangladesh Telecommunications Company Limited	Mr. Md.Nur-Ur-Rahman	Chairman	Backhaul Purchase	63,229,893	19,507,072
4	Teletalk Bangladesh Ltd.	Mr. Md.Nur-Ur-Rahman		IP Bandwidth	9,320,143	7,078,445
5	Teletalk Bangladesh Ltd.	Mr. Md.Nur-Ur-Rahman		Co-location sale	200,645	11,731

(c) Transactions with the following companies where the Directors of the company are related for the period ended 31 March 2019:

Sl. No.	Name of the company (Related party)	Name of the Director	Relationship of the Director with the company	Type of transaction	Transactions during the period	period end balance
1	Bangladesh Telecommunications Company Limited	Mr.Shyam Sunder Sikder	Chairman	Bandwidth sale	309,180,984	1,009,076,666
2	Bangladesh Telecommunications Company Limited	Mr.Shyam Sunder Sikder		Co-location Sale	-	21,463,462
3	Bangladesh Telecommunications Company Limited	Mr.Shyam Sunder Sikder		Backhaul Purchase	109,903,546	13,258,72
4	Bangladesh Telecommunications Company Limited	Mr.Shyam Sunder Sikder		Co-location Purchase	316,800	316,800
4	Teletalk Bangladesh Limited	Mr.Shyam Sunder Sikder		Bandwidth sale	9,045,000	6,013,15

Amount in Taka	
July- March 2020	July- March 2019

(d) Key management personnels compensation

(i) MD's Remuneration

Short term employee benefits (salary and other allowances)

1,249,152

2,649,89

Provident Fund

-

Bonus

363,754

1,612,906

2,649,89

(ii) Other Management personnel remuneration and benefit

Salary

78,528,276

70,731,06

Bonus

9,237,163

3,090,82

87,765,439

73,821,88

(e) Director's Board Meeting Attendance Fees

346,231

425,01

(f) Other Disclosures

The Directors of the company did not take any benefit from the company other than the board meeting attendance fees as disclosed above.

- 1 Expense reimbursed to the managing agent – Nil
- 2 Commission or other remuneration payable separately to a managing agent or his associate – Nil
- 3 Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered in
- 4 The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing
- 5 Any other perquisites or benefit in cash or in kind stating – Nil
- 6 Other allowances and commission including guarantee commission - Nil.  
i) Pensions, ii) Gratuities, iii) Payment from Provident Fund, iv) Compensation for loss of office and v) Consideration in connection with retirement from office.

49 Segment information

Business activities of BSCCL are not organized on the basis of differences in related services or differences in geographical areas of operations. It essentially provides similar services to clients across the country.

50 Comparatives

Comparative information in the following major areas has been rearranged to conform to current period's presentation.

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Chairman

Dated, Dhaka;  
25 June 2020

### Bangladesh Submarine Cable Company Limited

Schedule of Property, Plant & Equipment  
As at 31 March 2020

Name of assets	Cost				Accumulated depreciation				WDV as at 31 March 2020
	As at 01 July 2019	Additions during the period	Adjustment during the period	As at 31 March 2020	Rate	As at 01 July 2019	Charged during the period	Adjustment during the period	
a. Freehold assets				122,612,477					122,612,477
Land and land development	122,612,477			2,603,865,991	10.00%	1,850,082,472	80,949,206	41,281,556	1,889,750,122
Core equipment-IPLC-SMW-4	2,659,367,038		55,501,047	5,617,236,063	5.00%	554,440,681	210,949,808	-	765,390,489
Core equipment-IPLC-SMW-5	5,548,720,007	68,516,056		228,761,968	14.29%	114,610,614	21,403,379	-	136,013,993
Core equipment-IIG	220,178,218	8,583,750		63,415,462	8.33%	22,090,523	2,817,610	-	24,908,132
Building	63,415,462			291,283,034	5.00%	29,128,303	10,923,114	-	40,051,417
Building-SMW-5	291,283,034			2,654,065	8.33%	1,950,184	47,992	-	1,998,176
Floor development	2,654,065			7,827,297	8.33%	2,852,266	339,207	-	3,191,473
Security barak & security wall	7,827,297			2,343,837	8.33%	1,737,500	41,341	-	1,778,842
Deep tube-well & pump house	2,343,837			1,334,855	5.00%	133,486	50,057	-	183,543
Deep tube-well & pump house-SMW-5	1,334,855			13,694,661	10.00%	2,738,932	1,027,100	-	3,766,032
Generator-500 KVA(SMW#5)	13,694,661			3,284,000	10.61%	2,832,306	48,396	-	2,880,702
500 KV sub-station	3,284,000			17,866,349	5.00%	1,759,541	669,988	-	2,429,529
500 KV sub-station-SMW-5	17,866,349			35,631,806	10.00%	26,689,065	958,151	-	27,647,215
Power system	35,631,806			20,847,215	5.00%	2,084,722	781,771	-	2,866,492
Power system-SMW-5	20,847,215			387,555	20.00%	77,511	58,133	-	135,644
Power system-IIG	387,555			11,673,668	8.33%	3,438,193	561,510	-	3,999,703
Boundary wall	11,673,668			38,218,321	5.00%	3,821,832	1,433,187	-	5,255,019
Boundary wall-SMW-5	38,218,321			18,960,526	10.00%	10,789,105	875,509	-	11,664,614
Ducting from beach manhole	18,960,526			21,813,789	5.00%	2,181,379	818,017	-	2,999,396
Ducting from beach manhole-SMW-5	21,813,789			55,191,012	20.00%	35,527,945	2,949,460	-	38,477,405
Vehicles	55,191,012			42,417,772	10.00%	12,685,108	2,180,495	-	14,865,603
Office equipment and furniture	37,898,703	4,519,069		916,051	12.50%	346,604	54,338	-	400,942
Co-Location point	916,051			1,397,121	5.00%	119,093	52,392	-	171,485
Co-Location point-SMW-5	1,397,121			7,350,450	10.00%	2,357,234	292,881	-	2,650,115
Office decoration	5,103,400	2,247,050		220,500	20.00%	44,100	33,075	-	77,175
Water Treatment Plant & Others	220,500			9,231,205,844		2,684,518,697	340,316,115	41,281,556	2,983,553,257
<b>Sub-total</b>	<b>9,202,940,967</b>	<b>83,865,924</b>	<b>55,501,047</b>	<b>9,231,205,844</b>		<b>2,684,518,697</b>	<b>340,316,115</b>	<b>41,281,556</b>	<b>2,983,553,257</b>
b. Revalued assets				346,561,561	-	-	-	-	346,561,561
Land and land development	346,561,561			346,561,561	-	-	-	-	346,561,561
<b>Sub-total</b>	<b>346,561,561</b>	<b>-</b>	<b>-</b>	<b>346,561,561</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>346,561,561</b>
<b>Total balance as at 31 March, 2020 (a+b)</b>	<b>9,549,402,528</b>	<b>83,865,924</b>	<b>55,501,047</b>	<b>9,577,767,405</b>		<b>2,684,518,697</b>	<b>340,316,115</b>	<b>41,281,556</b>	<b>2,983,553,257</b>
<b>Total balance as at 30 June 2019 (a+b)</b>	<b>9,499,133,939</b>	<b>53,510,993</b>	<b>3,242,404</b>	<b>9,549,402,528</b>		<b>2,231,771,972</b>	<b>455,044,662</b>	<b>2,297,936</b>	<b>2,684,518,697</b>
									<b>5,864,883,830</b>

Bangladesh Submarine Cable Company Limited  
Calculation of Current Tax Provision  
For the period ended 31 March 2019

Amount in Taka

Particulars	Total Amount	Exemption rate	Exempted Amount	Chargeable Income	Tax Rate	Tax Liability
Profit Before Taxation	855,581,411					
Add: Provision for bad debt	133,085,809					
Loss on investment in share	8,970,376					
Loss on disposal of fixed assets	(14,219,491)					
Provision for gratuity	6,569,400					
Excess perquisite	-					
CSR expense	2,039,500					
Accounting depreciation	340,316,115					
	<u>1,332,343,120</u>					
Less: Tax depreciation	<u>627,694,917</u>					
Total taxable income	704,648,202					
Less: Non-operating Income	<u>133,739,353</u>					
Total income	570,908,850					
Profit -IIG unit as per Ratio of Sales(20.92%)	119,434,131	40%	47,773,653	71,660,479	25%	17,915,120
Op. Profit of IPLC Unit for the period	451,474,718			451,474,718	25%	112,868,680
Tax on Other Income				132,363,358	25%	33,090,839
Tax on Dividend Income				1,375,995	20%	275,199
<b>Total</b>			<b>47,773,653</b>	<b>656,874,550</b>		<b>164,149,838</b>
	CSR		PM R Fund	Total		Rebate
Investment tax credit		2,039,500		2,039,500	10%	203,950
<b>Net tax liability</b>						<b>163,945,888</b>