

Bangladesh Submarine Cable Company Limited (BSCCL)

Auditor's Report and Financial Statements *for the year ended 30 June 2020*

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Independent Auditor's Report
to
The Shareholders of Bangladesh Submarine Cable Company Limited
Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Bangladesh Submarine Cable Company Limited (BSCCL), which comprise the statement of financial position as at 30 June 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 financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respect, the financial position of the Company as at 30 June 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

In the year 2015-2016 & 2016-2017, Bangladesh Submarine Cable Company Limited (BSCCL) received amount to Taka 1,660,000,000 in six different phases from the Government of the People's Republic of Bangladesh for the purpose of implementing the Regional Submarine Telecommunications Project, Bangladesh (Installation and Establishment of Second Submarine Cable System (SMW5)) as Equity Money with condition that the said amount will be converted into Equity Capital in favour of Ministry of Posts, Telecommunications and Information Technology (MoPT & IT) through issuing Share after implementing the project and getting proper approval from the Concerned Authority of the Government of the People's Republic of Bangladesh and in compliance with the guidelines and policies issued by Finance Division for issuing equity capital.

On 11 February 2020 Financial Reporting Council (FRC) has issued a notification (Notification No. 146/FRC/Admin/Notification/2020/01) regarding Accounting and Reporting on Share Money Deposit. As per the said notification any amount received from investor as share capital or call by whatever name that was considered as part of equity in the Financial Statements shall be converted to share capital within six months. Further, till to date of conversion of share money deposit to share capital, the amount of share money deposit shall be considered as potential share.

As on 30 June 2020 BSCCL did not convert the amount of Tk. 1,660,000,000 as equity money to Share capital and was not considered as potential share to calculate the Net Assets Value (NAV) per share and Earning per Share (EPS). For that reason, as on reporting date both Net Assets Value (NAV) per share and Earning per Share (EPS) of the company is overstated.

As the potential share is not identified by the management of BSCCL, the value of overstatement of Net Assets Value (NAV) per share and Earning per Share (EPS) could not be quantified.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters	How our audit addressed the key audit matters
Revenue Recognition	
<p>We considered revenue recognition as a key audit matter because:</p> <ul style="list-style-type: none"> • Revenue is the most financially significant item in the statement profit and loss and other comprehensive income. • The company has reported revenue of Taka 2,498,642,388 for the year ended 30 June 2020. • The Company's revenue is primarily generated from the provision of International Private Leased Circuit (IPLC) Service, Co-Location Service, IP Transit Service – Local and IP Transit Service – Export. There is an inherent risk over the accuracy and timing of revenue recognition given the complexity of billing systems and processing various data which are impacted by the prices models and rates including different rates based on service consumed, and discounts arrangements. As a result, the application of accounting standards is complex and involves, to a certain extent, a number of key judgments and estimates made by management. <p>Following the application of the new revenue recognition standard (IFRS 15, Revenue from Contracts with Customers), the company adopted its accounting policies.</p>	<p>Our procedures included obtaining an understanding of management's revenue recognition policies and process. We tested sample of transactions to verify whether the revenue was accounted for in accordance with the revenue accounting policy as disclosed in Note 3.5 and 25-29 of the financial statements. In addition, we assessed whether the disclosed revenue accounting policy was in accordance with relevant accounting standards.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> • Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls. <p>Selected a sample of continuing and new contracts and performed the following procedures:</p> <ul style="list-style-type: none"> • Read, analysed and identified the distinct performance obligations in these contracts. • Compared these performance obligations with that identified and recorded by the Company.

Key Audit Matters	How our audit addressed the key audit matters
<p>Under IFRS 15 revenue is recognized when a performance obligation is satisfied by transferring control over a promised good or service. In addition, the application of the new standard on revenue recognition, IFRS 15 for the current financial year immaterially impact on the financial statements.</p> <p>Details of the accounting policies for revenue recognition are set out in Note 3.5 to the financial statements and the various revenue streams for the company have been disclosed in Note 25-29 to the financial statements.</p>	<ul style="list-style-type: none"> • Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration. • Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts. • Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings. • Testing the key controls over the calculation of the amounts billed to customers and the capturing and recording of the revenue transactions. • Testing the key controls over the authorisation of the rate changes and the input of such rates to the billing systems. • Testing the accuracy of customer bill calculations and the respective revenue transactions recorded. • Testing the appropriateness of the accounting treatment on a sample basis. In addition, we verified the accuracy of IFRS 15 related disclosures. • examining material journal entries and other adjustments posted to revenue. • performed enquiries with management to understand their risk assessments and inspected meeting minutes to identify relevant changes in their assessments and estimates. <p>We specifically put emphasis on those transactions occurring close before or after the financial position date to obtain sufficient evidence over the accuracy of cut-off.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</p> <p>Based on our work, we noted no significant issues regarding the accuracy of revenue reported for the year.</p>
<p>Property Plant and Equipment</p>	
<p>The company incurred a significant level of capital expenditure in connection with the expansion of its equipped capacity and improvements of bandwidth. The carrying value of Property Plant and Equipment aggregating to Tk. 6,484,407,737</p>	<p>Our audit procedures to assess the carrying value of PP&E included the following:</p> <p>Our audit procedures included controls testing and substantive procedures covering, in particular:</p>

Key Audit Matters	How our audit addressed the key audit matters
<p>represents a significant amount in the company's statement of financial position as at 30 June 2020 and carries the risk of:</p> <ul style="list-style-type: none"> • There are a number of areas where management judgement impacts the carrying value of PP&E, and the related depreciation profiles. • determining which costs meet the criteria for capitalisation; • determining the date on which the assets is recognised to property, plant and equipment and depreciation commences; • the estimation of economic useful lives and residual values assigned to property, plant and equipment. • useful lives of assets shortening and technological obsolescence. <p>The management reviews the estimated depreciable lives and the residual value of property, plant and equipment annually. After conducting a review on the depreciable lives of the property, plant and equipment of the company during this year, the management resolved to change the accounting estimates of the depreciable lives of certain equipment.</p> <p>We identified the carrying value of property, plant and equipment as a key audit matter because of the high level of management judgement involved and because of its significance to the financial statements.</p> <p>See note no 3.1 and 4 to the financial statements</p>	<ul style="list-style-type: none"> • assessing the design, implementation and operating effectiveness of key internal controls over the completeness, existence and accuracy of property, plant and equipment, including the key internal controls over the estimation of useful economic lives and residual values; • assessing on a sample basis, costs capitalised during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices, and assessing whether the costs capitalised met the relevant criteria for capitalization. • Testing the key controls over the management's judgment in relation to the accounting estimates of the depreciable lives and residual values of property, plant and equipment. • Reconcile on a sample basis the additional capitalized costs for the year to the underlying invoices and supporting documents.
<p>Measurement of deferred tax Liability</p> <p>Company reported net deferred tax liability totaling Tk. 532,115,288 as at 30 June 2020.</p> <p>Significant judgment is required in relation to deferred tax liability as their liability is dependent on forecasts of future profitability over a number of years.</p> <p>See note no. 3.16(b) and 16 to the financial statements</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of Deferred Tax Assets and Liabilities and the assumptions used in estimating the future taxable expense of the company.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable expense.</p>

Key Audit Matters	How our audit addressed the key audit matters
	<p>We evaluated the reasonableness of key assumptions, timing of reversal of temporary differences and expiration of tax loss carry forwards, recognition and measurement of Deferred Tax Liability.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax assets.</p> <p>We assessed the adequacy of the company's disclosures setting out the basis of deferred tax liability balances and the level of estimation involved. We also assisted in evaluating the tax implications, the reasonableness of estimates and calculations determined by management.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>
<p>Equity Money from GoB</p> <p>In the year 2014-2015, BSCCL has received the approval for the purpose of implementing the Regional Submarine Telecommunications Project, Bangladesh (Installation and Establishment of Second Submarine Cable System (SMW5) for International Telecommunications in Bangladesh for the amount of Taka 1,660,000,000 from the Government of the People's Republic of Bangladesh as Equity Money with condition that the said amount will be converted into Equity Capital in favour of Ministry of Posts, Telecommunications and Information Technology (MoPT & IT) through issuing Share after implementing the project and getting proper approval from the Concerned Authority of the Government of the People's Republic of Bangladesh and in compliance with the guidelines and policies issued by Finance Division for issuing equity capital.</p> <p>On 11 February 2020 Financial Reporting Council (FRC) has issued a notification (Notification No. 146/ FRC/ Admin/ Notification /2020/ 01) regarding Accounting and Reporting on Share Money Deposit. As per the said notification any amount received from investor as share capital or call by whatever name that was considered as part of equity in the Financial Statements shall be converted to share capital within six months. Further, till to date of conversion of share money deposit to share capital, the amount of share money deposit shall be considered as potential</p>	<p>To assess the implementation of the condition applied by the Inter-Ministerial Meeting under the Ministry of Finance for approval of this project, following audit procedure has been followed:</p> <ol style="list-style-type: none"> i) approval from ECNEC dated 11 June 2015 has been checked. ii) approval from Ministry of Posts, Telecommunications and Information Technology (MoPT & IT), the Government of the People's Republic of Bangladesh dated 29 June 2015 for this project. iii) approved amount of Taka 166 crore as GOB equity money has been received through six installments from the year 2015-2016 to 2016-2017. <p>To evaluate the steps taken by management after considering the notification by FRC, following audit procedure has been followed.</p> <ol style="list-style-type: none"> i) analysis of the minutes of meetings of the Board of Directors & has appointed ICB Capital Management Limited on 22 July 2020 as Issue Manager regarding issue of shares against Equity money by TK 1,660,000,000 from -GOB to Share Capital. ii) reviewed the notification (Notification No. 146/ FRC/ Admin/Notification/2020/01) and related correspondence from management of BSCCL regarding the guidance on limitation to comply the said notification. iii) reviewed the appointment of Valuer for revaluation of assets and liabilities of BSCCL and iv) communicated the issue of noncompliance of the notification (Notification No. 146/ FRC/ Admin /Notification/ 2020/ 01) to the Management who are Charged with the Governance.

Key Audit Matters	How our audit addressed the key audit matters
share.	<p>As on 30 June 2020, BSCCL did not convert the amount of Tk. 1,660,000,000 received from Government as equity money to Share capital and was not considered as potential share to calculate the Net Assets Value (NAV) per share and Earning per Share (EPS). As on reporting date both Net Assets Value (NAV) per share and Earning per Share (EPS) of the company is overstated.</p> <p>As the potential share is not identified by the management of BSCCL, the value of overstatement of Net Assets Value (NAV) per share and Earning per Share (EPS) could not be quantified.</p>
Legal and regulatory matters	
<p>The Company has aggregating claims of Tk. 40,365,866 in respect of previous years. The Company has several tax claims from the previous assessment years. Other than this there are no legal proceedings, claims and government investigations and inquiries pending that expose it to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict. These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Company's best estimate for existing legal matters that have a probable and estimable impact on the Company's financial position.</p> <p>See note no. 21 and 53 to the financial statements</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We discussed material legal cases with the company's legal department for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel. We have analysed of responses in legal letters independently obtained from the external legal counsels of the Company;</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Company's provisions and contingent liabilities disclosures.</p> <ul style="list-style-type: none"> • Analysis of the minutes of meetings of the Board of Directors and the Board Audit Committee; • Analysis of assessment of contingent liabilities and changes in provisions for claims and litigations which are updated on a quarterly basis; • Assess disclosures in the financial statements which are potentially of material contingent nature and their measurement.

Other Information

Management is responsible for the other information. The other information comprises all the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the company.

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

Management is responsible for the preparation and fair presentation of financial statements in accordance with IFRSs as explained in note 02 and 03, 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. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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 auditors' 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:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business for the year.

The engagement partner on the audit resulting in this independent auditor's report is Md. Enamul H. Choudhury.



Dated, Dhaka;
22 October 2020

S. F. Ahmed & Co.
S. F. Ahmed & Co.
Chartered Accountants

Bangladesh Submarine Cable Company Limited
Statement of Financial Position
As at 30 June 2020

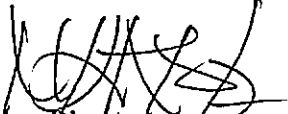
ASSETS	Notes	Amount in Taka	
		30 June 2020	30 June 2019
Property, plant and equipment	4	6,484,407,737	6,864,883,830
Current Assets		5,665,478,464	4,547,382,812
Trade and other receivables	5	2,587,654,161	2,040,255,701
Advances and deposits	6	30,387,107	36,803,454
Advance income tax	7	603,695,577	412,835,551
Investment in shares	8	25,201,905	34,348,102
Cash and cash equivalents	9	2,418,539,714	2,023,140,004
TOTAL ASSETS		12,149,886,201	11,412,266,642
EQUITY AND LIABILITIES			
Shareholders' Equity		6,750,015,017	6,387,676,846
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	741,577,846	714,543,556
Revaluation reserve	14	336,165,684	336,165,684
Retained earnings	15	1,639,922,628	1,304,618,748
Non Current Liabilities		3,223,942,791	3,277,277,071
Deferred tax liabilities	16	532,115,288	476,165,249
Security deposits received from clients	17	294,942,951	220,378,430
Employees' pension, gratuity & provident fund	18	18,215,001	20,850,482
Long Term loan-net off current portion	19	2,378,669,551	2,559,882,911
Current Liabilities		2,175,928,393	1,747,312,724
Long Term loan-current portion	19	352,024,332	331,816,695
Sundry creditors	20	167,859,812	213,923,194
Provision for income tax	21	633,906,543	393,874,301
Provision for WPPF and WF	22	62,599,014	38,948,113
VAT payable	23	499,683,513	543,778,932
Liabilities for expenses	24	130,044,159	224,971,489
Amount to be distributed as dividend (Proposed)	59	329,811,020	-
Total Liabilities		5,399,871,184	5,024,589,795
TOTAL EQUITY AND LIABILITIES		12,149,886,201	11,412,266,642
Net Asset Value per share	45	40.93	38.74

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


Chief Financial Officer


Company Secretary

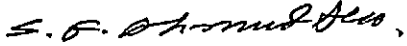

Managing Director


Director



Signed in terms of our report of even date annexed

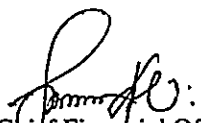
Dated, Dhaka;
22 October 2020

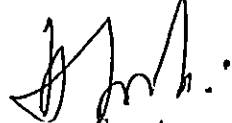

S. F. Ahmed & Co.
Chartered Accountants

Bangladesh Submarine Cable Company Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

	Notes	Amount in Taka	
		30 June 2020	30 June 2019
Revenue			
IPLC (International Private Leased Circuit) rent	25	1,927,034,494	1,436,907,724
Circuit activation charge	26	13,248,000	21,532,000
IP Transit service	27	459,323,412	397,696,503
Co-location charges	28	62,188,232	40,778,108
IP transit service-export	29	36,848,250	58,751,638
		2,498,642,388	1,955,665,973
Direct cost of operation			
Electricity and generator fuel	30	12,468,266	11,834,593
Landing station and cable route repair	31	931,600	1,046,890
Backhaul & data connectivity charge	32	115,833,714	142,367,016
IP transit cost	33	56,100,568	45,467,343
Lease rent	34	339,768	703,441
Depreciation of core machinery	35	418,493,015	419,335,228
		604,166,931	620,754,512
Gross profit		1,894,475,457	1,334,911,461
Operating expenses			
Operation and maintenance expenses	36	198,326,554	198,327,665
General and administrative expenses	37	192,911,849	175,222,860
Provision for bad & doubtful debts	38	148,698,858	76,258,619
Depreciation on property, plant and equipment	39	36,807,642	35,709,433
Exchange fluctuation loss/(gain)		(7,902)	30,547
		576,737,001	485,549,124
Operating profit		1,317,738,456	849,362,337
Non-operating income/(Expenses)			
Bank interest and other income	40	178,534,674	138,479,662
Financial charges		(158,328,141)	(168,304,981)
Loss on sale of Property, plant & equipment		(14,219,491)	-
(Loss)/Gain on investment in shares	41	(9,146,197)	(1,626,635)
		(3,159,155)	(31,451,954)
Profit before WPPF & WF		1,314,579,301	817,910,383
Provision for contribution to WPPF & WF		62,599,014	38,948,113
Profit before taxation		1,251,980,287	778,962,269
Less: Current tax expenses	42	240,032,242	70,251,738
Deferred tax (income)/expenses	43	55,950,039	122,952,461
		295,982,281	193,204,199
Net profit after tax		955,998,006	585,758,071
Total comprehensive income		955,998,006	585,758,071
Earnings Per Share (EPS) - Basic	44	5.80	3.55

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


Chief Financial Officer


Company Secretary

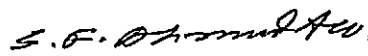

Managing Director


Director

Signed in terms of our report of even date annexed



Dated, Dhaka;
22 October 2020


S. F. Ahmed & Co.
Chartered Accountants

Bangladesh Submarine Cable Company Limited
Statement of Changes in Equity
For the year ended 30 June 2020

(Amount in Taka)

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	714,543,556	336,165,684	1,304,618,748	6,387,676,846
Transactions with shareholders:							
Dividend for the year (2018-2019)	-	-	-	-	-	(263,848,816)	(263,848,816)
Net profit after tax for the year	-	-	-	-	-	955,998,006	955,998,006
Amount to be distributed as dividend (Proposed 2019-2020)	-	-	-	-	-	(329,811,020)	(329,811,020)
Tax holiday reserve	-	-	-	27,034,290	-	(27,034,290)	-
Balance as at 30 June 2020	1,649,055,100	1,660,000,000	723,293,759	741,577,846	336,165,684	1,639,922,628	6,750,015,017
Balance as at 01 July 2018	1,649,055,100	1,660,000,000	723,293,759	706,977,181	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 year	-	-	-	-	-	585,758,071	585,758,071
Tax holiday reserve	-	-	-	7,566,376	-	(7,566,376)	-
Balance as at 30 June 2019	1,649,055,100	1,660,000,000	723,293,759	714,543,556	336,165,684	1,304,618,748	6,387,676,846


 Chief Financial Officer


 Company Secretary



 Managing Director


 Director

Signed in terms of our report of even date annexed




Dated, Dhaka;
 22 October 2020


 S. F. Ahmed & Co.
 Chartered Accountants

Bangladesh Submarine Cable Company Limited
Statement of Cash Flows
For the year ended 30 June 2020

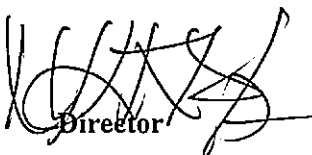
	Notes	Amount in Taka	
		30 June 2020	30 June 2019
A. Cash flows from operating activities			
Cash received from clients		1,839,790,320	1,654,941,238
Cash paid to suppliers and others		(516,340,640)	(346,615,737)
Exchange fluctuation (loss)/ gain		110,728	(30,547)
Payment for WPPF		(38,948,113)	(14,693,423)
Payroll and other payments to employees		(131,345,490)	(109,980,606)
Income tax paid		(190,860,026)	(114,768,924)
Interest received		167,638,914	120,185,254
Receipts from rest house rent and others		2,576,117	14,650,766
Net cash flow from operating activities	46.1	1,132,621,810	1,203,688,020
B. Cash flows from investing activities			
Purchase of property, plant and equipment		(92,056,427)	(67,182,931)
Proceeds received from disposal of PPE		167,500	2,099,019
Dividend received		1,375,995	1,505,659
Net cash flow from/ (used in) investing activities		(90,512,932)	(63,578,253)
C. Cash flows from financing activities			
Dividend paid		(232,660,047)	(82,045,626)
Financial charges		(253,043,398)	(89,061,080)
Loan repaid		(161,005,723)	(77,003,072)
Net cash flow from/(used in) financing activities		(646,709,168)	(248,109,778)
Net surplus/ deficit during the year (A+B+C)		395,399,710	891,999,989
Cash and cash equivalents at beginning of the year		2,023,140,004	1,131,140,015
Cash and cash equivalents at end of the year	9	2,418,539,714	2,023,140,004
Net Operating Cash Flows Per Share (NOCFPS)	46	6.87	7.30

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


Chief Financial Officer


Company Secretary

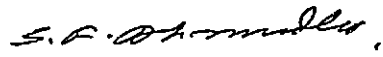

Managing Director


Director



Signed in terms of our report of even date annexed

Dated, Dhaka;
22 October 2020


S. F. Ahmed & Co.
Chartered Accountants

Bangladesh Submarine Cable Company Limited (BSCCL)
Notes to the Financial Statements
For the year ended 30 June 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 People's 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)
- Financial Reporting Act, 2015

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 30 June 2020;
- (b) Statement of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2020;
- (c) Statement of Changes in Equity for the period ended 30 June 2020;
- (d) Statement of Cash Flows for the period ended 30 June 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 year.

2.9 Going concern assumption

As per IAS-1 para 25, a company is required to make assessment at the end of each year to assess its capability to continue as a going concern. Management of the Company makes such assessment each year. 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.

There is no indication of declining of economic activity in terms of demand for services those BSCCL provides due to severity of COVID-19 which might have negative impact of future business and cash flows rather the industry is booming because online activities using Internet bandwidth is growing rapidly.

2.10 Reporting period

The reporting period of the company covers 12 (twelve) months from 01 July 2019 to 30 June 2020.



2.11 Comparative information

Comparative information has been disclosed in respect of 01 July 2019 to 30 June 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 equipment if, and only if 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



Name of Assets	Depreciation rate	Basis
500 KV sub-station-SMW-4	10%	Straight line
500 KV sub-station-SMW-5	5%	Straight line
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
Total:				17,03,91,471	35,23,00,000	18,19,08529

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 expenditure

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 Authorization date for issuing financial statements

The financial statements were authorized by the Board of Directors on 22 October 2020 for issue after completion of review.

3.5 Revenue from contract with customers

The Company recognizes 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
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Considering the five steps model, the Company recognizes 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 recognized for contracts, contract liabilities or advance billings are recognized in the statement of Financial Position as Unearned Revenue. Contract liabilities or advance billings are recognized 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



3.5.1 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.

3.5.2 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.

3.5.3 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.

3.5.4 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.

3.5.5 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.

In case of revenue recognition, BSCCL Management applied their judgment that due to COVID-19 ,there is no possibility of cancellation of orders and modification of contractual arrangement with customers regarding return, discount and timing of transferring risk and reward due to supply chain disruption before recognizing revenue as per IFRS-15.

3.5.6 Revenue from investment income

(a) Interest income

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

(b) Dividends

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

3.6 Leases

Financial Reporting Principles IFRS 16: Leases effective from annual periods beginning on or after January 1, 2019 has significantly changed how the company accounts for its lease contracts. Before the adoption of IFRS 16, all lease contracts were classified as operating leases. IFRS 16 requires all contracts that contain a lease to be recognized in the statement of financial position as a right-of-use asset and lease liability. Only certain short-term and low-value leases are exempt.

In compliance with the standard, the Company has elected to use the recognition exemptions in the standard due to their being short-term leases and leases of low value items. In such cases the lease payments are accounted for as expenses in the statement of profit or loss and other comprehensive income.



3.7 Financial instruments

IFRS 9 sets out requirements for recognizing 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: amortized 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 amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 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 amortized 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 recognized in profit or loss.



Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized 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 amortized 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 recognized in profit or loss. Other net gains and losses are recognized 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 recognized 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 recognized 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 amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortized 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 amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized 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.

3.8 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.

3.9 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. There is a commitment to issue share to Ministry of Posts, Telecommunication and Information Technology against equity money received for an amount of Tk. 1,660,000,000. However, number of potential shares to be issued is under process of negotiation with Ministry of Posts, Telecommunications and Information Technology (MoPT&IT), the Government of the People Republic of Bangladesh.

3.10 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.

3.11 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 recognized/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.



3.12 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%

3.13 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 recognized 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 recognized 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 recognized 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.

3.14 Statement of cashflows

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.



3.15 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 55.

3.16 Income tax

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

3.17 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
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

IFRS No.	IFRS Title	Compliance Status
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	Complied
17	Insurance Contracts	Not applicable



		Amount in Taka	
		30 June 2020	30 June 2019
4	Property, plant and equipment		
	Cost/ revaluation (A)		
	Opening balance	9,549,402,528	9,499,133,939
	Add: Purchased/Recognised during the year	89,044,054	53,510,993
	Less: Adjustment during the year	(55,501,047)	(3,242,404)
		<u>9,582,945,535</u>	<u>9,549,402,528</u>
	Accumulated Depreciation (B)		
	Opening balance	2,684,518,697	2,231,771,972
	Add: Charged during the year	455,300,657	455,044,662
		<u>3,139,819,354</u>	<u>2,686,816,633</u>
	Less: Adjustment during the year	(41,281,556)	(2,297,936)
		<u>3,098,537,798</u>	<u>2,684,518,697</u>
	Written Down Value (A-B)	<u>6,484,407,737</u>	<u>6,864,883,830</u>

A schedule of property, plant & equipment is given in Annexure-A. Adjustment in Cost and Accumulated Depreciation is for a non-current asset property plant & equipment and Office equipment.

5	Trade and other receivables		
	Trade receivables (Note: 5.1)	2,538,306,389	1,997,684,077
	Other receivables (Note: 5.2)	49,347,772	42,571,624
		<u>2,587,654,161</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 year	3,034,185,895	2,356,317,211
		<u>5,267,567,717</u>	<u>4,134,165,204</u>
	Less: Collection during the year	(2,344,864,725)	(1,900,783,382)
	Closing Balance	<u>2,922,702,992</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 year	148,698,858	76,258,619
		<u>384,396,603</u>	<u>235,697,745</u>
	Trade receivables, net of provision	<u>2,538,306,389</u>	<u>1,997,684,077</u>

A detailed Schedule of trade receivable is given in Annexure-B

Though outstanding has been increased due to lack of collection during the period March 2020 to June 2020, there is no significant uncertainty of expected cash flow because BSCCL Management has taken stern action to recover the dues within reasonable time. It is also to be mentioned that observable data in the market indicates that trade in this sector would not be adversely affected by COVID-19.

Aging of Trade receivables

The aging of gross trade receivables as at the statement of Financial Position date was:

Past due 0-90 days	19,561,492	531,269,995
Past due 91-180 days	576,220,638	380,486,985
Past due 181 -365 days	1,941,681,546	312,447,877
Past due more than 365 days	385,239,316	1,009,176,966
	<u>2,922,702,992</u>	<u>2,233,381,822</u>

To realise the long pending outstanding from disconnected parties different types of suits have been filed against those parties. Details of litigation alongwith amount is given below:

Sl. No.	Types of litigation	No. of Parties	Amount involved	Remarks
1	Money suit	4	47,044,718	Including the amount of money suit.
2	Arbitration	2	17,165,660	
3	Execution suit	2	168,175,358	
4	Dissolution suit	5	51,092,628	



		Amount in Taka	
		30 June 2020	30 June 2019
5.2	Other receivables		
	Dividend	3,150	3,150
	ICB Securities Trading Co. Ltd.	2,440	3,790
	FDR Interest & Others	49,342,182	42,564,684
		<u>49,347,772</u>	<u>42,571,624</u>
6	Advances and Deposits		
	Advances		
	<u>Advance to:</u>		
	Sony Chocolate Industries Ltd. (Note: 6.1)	12,872,000	18,872,000
	Employees against Expenses	436,630	349,727
	Advance to Employee against Salary	1,617,270	2,140,520
	Civil Works Consultant Limited	57,500	57,500
	Milky & Associates	12,000	12,000
	BUET	21,735	21,735
	BTCL	10,000,000	10,000,000
	IDEB	20,000	-
	Mustafa Tariq Hossain & Associates	670,500	670,500
	Others	279,874	279,874
		<u>25,987,509</u>	<u>32,403,856</u>
	Deposits		
	Security deposit - Duncan Products Limited	5,000	5,000
	BTCL - for phone line	23,000	23,000
	CDBL - as security deposit	500,000	500,000
	Security deposit - BTRC for International Internet Gateway (IIG) license	600,000	600,000
	Security Deposit-Sikder Filing Station	100,000	100,000
	Kamal Trading Agency	50,000	50,000
	Southern Automobiles Ltd.	250,000	250,000
	Patuakhali Palli Bidyut Samity	2,871,598	2,871,598
		<u>4,399,598</u>	<u>4,399,598</u>
		<u>30,387,107</u>	<u>36,803,454</u>
6.1	Advance for Office Rent (Sony Chocolate Industries Ltd.)		
	Opening balance	18,872,000	23,750,000
	Add: Paid during the year	-	1,122,000
	Less: Adjustment during the year	(6,000,000)	(6,000,000)
		<u>12,872,000</u>	<u>18,872,000</u>
6.2	Aging of Advances and Deposits		
	The aging of Advances, Deposits & Prepayments as at the statement of financial position date was as follows:		
	For 0-90 days	260,612	2,655,082
	For 91-180 days	495,000	760,520
	For 181 -365 days	1,106,270	65,500
	For more than 365 days	28,525,225	33,322,353
		<u>30,387,107</u>	<u>36,803,454</u>
7	Advance Income Tax		
	Opening balance	412,835,551	298,066,627
	Add: Payment made during the year	190,982,526	115,005,606
		603,818,077	413,072,233
	Less: Settlement/Adjustment	(122,500)	(236,682)
		<u>603,695,577</u>	<u>412,835,551</u>



Amount in Taka	
30 June 2020	30 June 2019

8 Investment in Shares

SL	Ordinary shares of	Quantity	Cost price (Tk)	Market value	Market value
1	AB Bank Limited	137,581	3,209,765	935,551	1,375,810
2	ACI Limited	4,290	764,743	876,018	1,024,906
3	BATASHOE	1,000	696,429	693,200	1,026,900
4	BEXIMCO Limited	216,863	10,732,550	2,819,219	4,857,731
5	IFIC Bank Limited	135,399	1,765,111	1,164,431	1,408,150
6	Islami Bank BD Limited	39,091	951,084	684,093	922,548
7	Jamuna Oil Limited	23,716	4,392,440	3,277,551	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	2,233,466	2,617,915
10	Padma Oil Limited	18,150	4,835,160	3,016,530	4,185,390
11	Square Pharma	25,569	2,633,688	4,410,653	6,315,977
12	Titas Gas	39,570	2,744,885	1,175,229	1,574,886
			39,386,518	25,201,905	34,348,102

Investment in shares is recognised and measured according to IFRS 9 as stated in note 3.7

9 Cash and cash equivalents

Cash in hand	(Note: 9.1)	942,069	604,146
Cash at bank	(Note: 9.2)	2,417,597,645	2,022,535,858
		2,418,539,714	2,023,140,004

9.1 Cash in hand

Head Office-Dhaka	600,776	560,188
Landing Station-Kuakata	15,871	1,576
Landing Station-Cox's Bazar	325,422	42,382
		942,069

9.2 Cash at bank

Savings and current deposits with:

Sonali Bank Limited-Dhaka	7,466,187	11,748,931
Sonali Bank Limited-Cox'sbazar	5,875,556	1,308,773
National Bank Limited	1,808,254	701,819
Mutual Trust Bank Limited	11,368,164	11,075,580
The City Bank Limited	32,878,916	-
Brac Bank Limited	690,469	685,244
IFIC Bank Limited	179,584	178,296
United Commercial Bank Limited	35,906,964	109,371,266
		96,174,094

Fixed deposits (FDR) with:

Brac Bank Limited	326,000,295	420,865,679
Bank Asia Ltd.	104,944,501	72,056,000
BASIC Bank Limited	254,376,167	285,386,450
Bangladesh Development Bank Limited	110,000,000	-
Agrani Bank Limited	162,102,250	-
Mutual Trust Bank Limited	221,742,174	157,315,687
IFIC Bank Limited	308,710,623	258,891,187
Prime Bank Limited	-	21,359,511
One Bank Limited	86,622,949	73,379,241
Southeast Bank Ltd.	149,473,941	200,655,763
Standard Bank Limited	129,796,847	105,112,747
Sonali Bank limited	30,000,000	-
Jamuna Bank Limited	89,489,116	94,841,907
Janata Bank Limited	50,270,000	-
Pubali Bank Limited	64,827,910	42,436,012
The City Bank Limited	55,000,000	-
Uttara Bank Limited	10,301,250	-
United Commercial Bank Limited	167,765,528	155,165,764
		2,321,423,551
		2,417,597,645
		1,887,465,948
		2,022,535,858

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



Amount in Taka	
30 June 2020	30 June 2019

10 Share capital

Authorized:

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

10,000,000,000

10,000,000,000

Issued, subscribed and paid up capital:

31,000,000 Ordinary Shares of Taka 10 each fully paid up in cash

310,000,000

310,000,000

140 Ordinary share of Taka 10 each fully paid up in cash to GOB

1,400

1,400

67,314,640 ordinary shares of Tk.10 each fully paid up other than cash to MoPT, GOB

673,146,400

673,146,400

66,590,730 Ordinary shares of Tk. 10 each issued as Bonus Share

665,907,300

665,907,300

1,649,055,100

1,649,055,100

10.1 Percentage of shareholding

Shareholding position as at 30 June 2020

Name of shareholders	Percentage of shareholding	No. of shares	Value in Taka
Posts & Telecommunications division, MoPT & IT	73.84%	121,768,814	1,217,688,140
Sponsor/Director	0.00%	189	1,890
Institute	11.34%	18,706,011	187,060,110
Public	11.88%	19,591,186	195,911,860
Foreign Investor	2.94%	4,839,310	48,393,100
	100%	164,905,510	1,649,055,100

Shareholding position as at 30 June 2019

Name of shareholders	Percentage of shareholding	No. of shares	Value in Taka
Posts & Telecommunications division, MoPT & IT	73.84%	121,768,814	1,217,688,140
Sponsor/Director	0.00%	189	1,890
Institute	10.90%	17,970,348	179,703,480
Public	12.22%	20,159,130	201,591,300
Foreign Investor	3.04%	5,007,029	50,070,290
	100%	164,905,510	1,649,055,100

10.2 Classification of shareholders by range of number of shares held:

Slabs wise number of shares	No. of share holders		No. of shares	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Less than 500	12,312	11,875	1,510,697	1,412,327
500-5,000	4,609	3,827	7,259,963	6,094,338
5,001-10,000	487	373	3,561,400	2,745,645
10,001-20,000	261	200	3,693,162	2,811,130
20,001-30,000	71	71	1,719,238	1,856,982
30,001-40,000	47	29	1,623,443	1,017,205
40,001-50,000	28	25	1,295,661	1,130,214
50,001-100,000	39	51	2,830,006	3,697,312
100,001-1,000,000	31	48	7,280,113	12,740,830
1,000,001-1,000,000,000	7	5	134,131,827	131,399,527
	17,892	16,504	164,905,510	164,905,510

Market Price:

Shares of the Company are listed in the Dhaka and Chittagong Stock Exchanges and quoted at Tk. 86.70 per share as (2019: Tk.132) and Tk 86.40 per share (2019: Tk. 133.30) in the Dhaka and Chittagong Stock Exchanges respectively on 30 June 2020.



		Amount in Taka	
		30 June 2020	30 June 2019
11	Equity Money from GoB	<u>1,660,000,000</u>	<u>1,660,000,000</u>
	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.		
	The Board of Directors of BSCCL has appointed ICB Capital Management Limited as Issue Manager and a Chartered Accountants Firm as a valuer of assets and liabilities as a process to issue shares in favour of Ministry of Posts, Telecommunications and Information Technology (MoPT & IT) against equity money received from the Government of the People's Republic of Bangladesh for an amount of Tk 1,660,000,000.		
12	Share premium	<u>723,293,759</u>	<u>723,293,759</u>
	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	714,543,556	706,977,180
	Add: Current year's reserve	27,034,290	7,566,376
		<u>741,577,846</u>	<u>714,543,556</u>
14	Revaluation reserve		
	Opening balance	336,165,684	336,165,684
	Less: Adjustment with deferred tax liability	-	-
		<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 Judgment. 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.		
15	Retained Earnings		
	Opening balance	1,304,618,748	808,879,808
	Add: Profit for the year	955,998,006	585,758,071
		<u>2,260,616,754</u>	<u>1,394,637,879</u>
	Less: Dividend paid during the year	263,848,816	82,452,755
	Amount to be distributed as dividend (Proposed)	329,811,020	-
	Transferred to Tax Holiday Reserve	27,034,290	7,566,376
		<u>620,694,126</u>	<u>90,019,131</u>
		<u>1,639,922,628</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)	521,718,411	465,768,372
	Deferred tax relating to other comprehensive income (Note: 16.2)	10,396,877	10,396,877
		<u>532,115,288</u>	<u>476,165,249</u>



Amount in Taka	
30 June 2020	30 June 2019

16.1 Deferred tax relating to Statement of Profit or Loss

	Carrying amount	Tax base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
As at 30 June 2020			
Property, plant and equipment (excluding land)	6,015,233,699	3,525,748,454	2,489,485,244
Accounts receivable (Note: 5.1)	2,538,306,389	2,922,702,992	(384,396,603)
Provision for pension, gratuity fund and provident fund (Note: 18)	(18,215,001)	-	(18,215,001)
Net Taxable Temporary Difference			2,086,873,640
Applicable tax rate			25%
Deferred tax liability			<u>521,718,411</u>

Deferred tax relating to Statement of Profit or Loss

	Carrying Amount	Tax Base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
As at 30 June 2019			
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 (Note: 18)	(20,850,482)	-	(20,850,482)
Net Taxable Temporary Difference			1,863,073,484
Applicable tax rate			25%
Deferred tax liability			<u>465,768,372</u>

16.2 Deferred tax relating to other comprehensive income

	Carrying Amount	Tax Base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
As at 30 June 2020			
Revaluation reserve of property, plant and equipment	346,561,561	-	346,562,561
Applicable tax rate			3%
Deferred tax liability			<u>10,396,877</u>

Deferred tax relating to other comprehensive income

	Carrying Amount	Tax Base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
As at 30 June 2019			
Revaluation reserve of property, plant and equipment	346,562,561	-	346,562,561
Applicable tax rate			3%
Deferred tax liability			<u>10,396,877</u>



Amount in Taka	
30 June 2020	30 June 2019

17 Security deposits received from clients

Opening Balance	220,378,430	164,005,987
Add: Addition during the year	89,059,592	84,652,148
	309,438,022	248,658,135
Less: Adjustment during the year	(14,495,071)	(28,279,705)
	<u>294,942,951</u>	<u>220,378,430</u>

A detailed schedule of security deposit received from clients is given in Annexure-C.

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)	3,611,732	4,901,587
Employees' provident fund	(Note: 18.3)	794,317	2,139,943
		<u>18,215,001</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.

18.2 Employees' gratuity fund

Opening balance	4,901,587	8,019,892
Add: Provision made during the year	8,820,226	10,744,235
	13,721,813	18,764,127
Less: Paid/Transferred during the year	(10,110,081)	(13,862,540)
	<u>3,611,732</u>	<u>4,901,587</u>

18.3 Employees' provident fund

Opening balance	2,139,943	1,926,571
Add: Employees' Contribution	4,694,286	4,081,974
Employer's Contribution	4,697,102	4,081,974
Less: Transferred to RCPF during the year	(10,737,014)	(7,950,576)
	<u>794,317</u>	<u>2,139,943</u>

19 Term Loan

Opening balance	2,891,699,606	2,968,702,678
Received during the year	-	-
Total IDB Loan	2,891,699,606	2,968,702,678
Less: Payment during the year	(161,005,723)	(77,003,072)
	2,730,693,883	2,891,699,606
Current portion of Long Term Loan	(352,024,332)	(331,816,695)
Non-current portion of Long Term Loan	<u>2,378,669,551</u>	<u>2,559,882,911</u>



Amount in Taka	
30 June 2020	30 June 2019

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

Unclaimed IPO Fund	109,101	109,101
Unclaimed dividend	36,063,164	4,874,395
Temporary Loan from Project Director # SMW5	1,000	1,000
APOGEE IT	137,063	-
M.M. Enterprise	32,059	-
Partex Furniture	-	120,909
KK Enterprise	544,874	6,795,394
Habib Intelligent Software Ltd.	322,875	322,875
Hatil Complex Ltd.	348,990	-
Spectrum Engineering Consortium Limited	2,209,492	184,492
Express Systems Ltd.	4,324,450	4,374,450
M.M.International	817,317	509,998
Design Associates	78,599	-
Huawei Technologies (BD). Limited	-	93,649
Telephone Shilpa Sangstha Ltd.	612,593	-
Royal Office Equipment	25,800	16,000
Cyber Link	52,380	63,145
Zetta Power	-	37,950
Telecom Italia Sparkle Ltd.	20,672,748	19,245,591
Equinix Singapore PTE Ltd.	1,436,985	1,322,185
Cogent Communication Ltd	454,088	471,630
NTT communications Ltd.	4,013,867	5,463,914
Withholding tax payable	26,098,437	22,920,030
Fiber@Home Ltd	3,017,952	10,654,560
Chittagong Stock Exchange Ltd.	600,000	-
Milky & Associates	116,602	116,602
Fames & R	-	174,225
ACE Autos	119,988	-
Amader Somoy	186,299	-
Arthosuchak	3,500	-
Bangladesh Science House	100,000	-
Bank Bima Shilpa	40,000	-
BD Jobs.Com	4,095	-
Bangla Media Ltd.	96,255	-
M/S Islamia Traders	1,870	-
M/S MS Power Engineering	36,400	-
M/S Syeed Automobiles	6,750	-
Murad Reza	143,750	-
Hurricane Electric Internet Service	297,704	-
Summit Communications Ltd.	6,405,870	11,314,629
Galpo Ghar	40,000	-
ICB Securities Trading Company Limited	1,610,932	1,610,932
Innovative Technology & Engineering	24,188	-
Kazi Mynul Hassan	71,875	-
Khondoker Advertisement	60,000	-



	Amount in Taka	
	30 June 2020	30 June 2019
NRB Telecom Ltd.-IIG	10,000	-
Pabna Automobiles	4,950	-
Padakkhep Bangladesh	50,000	-
Payable to BTCL	35,159,628	105,735,016
Payable to BTCL Staff College(Focus Point)	23,000	23,000
New S.N. Motors	16,700	16,700
Payable to BTRC	14,729,510	7,680,789
Asia Pacific Communication Ltd.	17,167	17,167
Sony Chocolate Industries Ltd.	341,242	361,103
Sikder Filling & Service Station	79,242	126,305
Capital Law Chamber	146,280	146,280
ECCE,CUET	50,000	50,000
ICAB Puja Udjapan Parishad	-	20,000
Expo Media & Publications Ltd.	-	7,000
M2M Communications	16,200	-
Next Tech Ltd.	22,400	5,600
Dynamic Travels	-	718,940
Modern Erection Ltd.	-	220,500
Peshajibi Samonnoy Parishad	25,000	25,000
Rangpur Bivag Samity Dhaka	50,000	-
SA Rashid & Associates	28,750	28,750
S.F.Ahmed & Co.	345,000	299,000
Southern Automobiles Ltd.	28,819	29,751
Shakil Motors	43,142	-
Share biz Pvt. Ltd.	42,946	-
Suraya Parveen & Associates	51,750	-
The Financial Express	99,468	181
The Daily Amader Orthonity	43,200	-
The Weekly Protimuhurto	30,000	-
The Detective	30,000	-
Legacy Legal Corporate	-	74,750
Zico Motors	37,950	37,950
17th BCS Forum	-	50,000
Jatir Alo	-	40,000
Anika Enterprise	69,310	69,310
Telnet Communication Ltd.	11,025	3,675
Bangladesh Parjatan Corporation	40,958	40,958
The Daily Janakantha	74,520	-
The Daily Bangladesh Pratidin	27,945	37,260
Dream Energy	99,426	-
BD ren	-	3,800,000
CDBL	4,417	-
Corporate Sangbad .Com	4,025	-
Unearned Revenue	4,508,800	3,329,988
Manik Traders	-	38,812
S.T. Enterprise	41,918	91,753
The Daily Observer	115,211	-
	167,859,812	213,923,194

20.1 Aging of sundry creditors

The aging of Sundry creditors as at the statement of financial position date was as follows:

Past due 0-90 days	11,798,658	45,236,370
Past due 91-180 days	22,831,976	18,749,357
Past due 181 -365 days	15,179,724	109,021,118
Past due more than 365 days	118,049,454	40,916,348
	167,859,812	213,923,194



		Amount in Taka	
		30 June 2020	30 June 2019
21	Provision for income tax		
	Opening balance	393,874,301	323,622,563
	Add: Provision made during the year	Annexure - E 240,032,242	70,251,738
	Less: Settlement for previous year	-	-
		<u>633,906,543</u>	<u>393,874,301</u>

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.56,88,726. Return of the income year 2016-2017 was filed to DCT for assessment and DCT demanded Tk.94,36,501 for this year. Now assessment for the year 2015-2016 and 2016-2017 remains under process at DCT u/s 173. Assessment order for the year 2017-2018 was received from DCT which creates tax refundable of tk. 2,32,45,907 and income year 2018-2019 remains in processing at DCT.

22	Provision for WPPF and WF		
	Opening balance	38,948,113	14,693,423
	Add: Provision made during the year	62,599,014	38,948,113
		101,547,127	53,641,536
	Less: Settlement for previous year	(38,948,113)	(14,693,423)
		<u>62,599,014</u>	<u>38,948,113</u>

23	VAT Payable		
	VAT payable against Receivable	495,857,274	523,727,987
	VAT payable against Deduction at source	3,826,239	20,050,945
		<u>499,683,513</u>	<u>543,778,932</u>

This represents the amount of Tk. 495,857,274 VAT receivable from clients against revenue receivable arising from International Private Leased Circuit (IPLC) rentals, IP transit service, and Co-location charges. In addition to that this amount of Tk. 3,826,239 includes VAT deducted from other parties and suppliers.

24	Liabilities for expenses		
	Office rent	4,800,000	4,800,000
	Audit & other fees	138,000	69,000
	Provision for different expenses	224,205	927,887
	Telephone bill	45,368	19,350
	Electricity bill	642,119	236,164
	Donation	-	9,364
		5,849,692	6,061,765
	Accrued Interest on IDB loan	124,194,467	218,909,724
		<u>130,044,159</u>	<u>224,971,489</u>



	Amount in Taka	
	2019-2020	2018-2019
25 IPLC (International Private Leased Circuit) Rent		
SMW-4	711,486,547	702,856,798
SMW-5	1,215,547,947	734,050,926
	<u>1,927,034,494</u>	<u>1,436,907,724</u>

26 Circuit activation charge		
Circuit Activation Charge-IPLC-SMW-4	4,620,000	1,650,000
Circuit Activation Charge-IPLC-SMW-5	6,710,000	17,655,000
Circuit Activation Charge-IP Transit	332,000	550,000
Circuit Activation Charge-ISP	3,000	418,000
Circuit Activation Charge-ITC	120,000	100,000
Circuit Activation Charge-Co-location-IIG	3,000	9,000
Circuit Activation Charge-Co-location-SMW-4	860,000	60,000
Circuit Activation Charge-Co-location-SMW-5	600,000	1,090,000
	<u>13,248,000</u>	<u>21,532,000</u>

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

27 IP Transit Service	<u>459,323,412</u>	<u>397,696,503</u>
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This represents the service charges for providing internet bandwidth to IIGs and ISPs.

28 Co-Location Charges		
SMW-4	26,840,030	22,846,311
SMW-5	35,300,774	17,928,215
IP Transit -IIG	47,428	3,582
	<u>62,188,232</u>	<u>40,778,108</u>

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

29 IP Transit Service -Export	<u>36,848,250</u>	<u>58,751,638</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 8th 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. 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	10,604,826	9,895,355
Fuel for generator	1,863,440	1,939,238
	<u>12,468,266</u>	<u>11,834,593</u>

This cost is directly related to cost of operation.



Amount in Taka	
2019-2020	2018-2019

31 Landing station and cable route repair

931,600

1,046,890

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

32 Backhaul & Data Connectivity Charge

Backhaul Charge

107,864,656

135,425,158

Data Connectivity & Fiber Core Charge

548,442

512,303

License & Membership fees

361,895

-

Revenue Sharing Cost

7,048,721

6,429,555

Co-location cost

10,000

-

115,833,714

142,367,016

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

33 IP Transit Cost

56,100,568

45,467,343

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

339,768

703,441

This rent represents rent of leasing land of beach manhole for Kuakata landing station from Bangladesh Parjaton Corporation.

35 Depreciation of core machinery

418,493,015

419,335,228

This represents the depreciation charged on core machinery which are directly related to IPLC and IP transit revenue.

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

27,881,127

10,834,064

SEA-ME-WE-5

170,445,427

187,493,601

198,326,554

198,327,665

37 General and administrative expenses

Salary and allowances

109,080,893

96,814,905

Managing Director's remuneration

1,974,871

3,515,394

Festival bonus

8,137,452

7,164,833

Office rent

19,609,800

14,240,450

Repair and maintenance

2,962,235

2,790,119

Internet Expenses

-

287,204

Business Development Expenses

4,124,794

3,888,600

Fees and Subscription

1,544,352

1,624,458

Gratuity provision

8,820,226

10,744,235

Vehicles Maintenance

1,853,433

2,346,180



	Amount in Taka	
	2019-2020	2018-2019
Board and other meetings fees	4,022,198	3,458,049
Consultancy fees	1,024,600	649,725
Audit Fees	510,600	428,950
Medical Expenses	210,786	-
Consortium meeting expenses	3,843,784	1,455,792
Advertisement and publicity expenses	2,800,355	2,267,158
Vehicles running expenses	2,092,455	2,577,418
Travelling & conveyance	1,462,634	1,760,663
Insurance Premium	10,886	1,720
Printing and Office stationery	2,268,225	2,375,252
Postage and courier expenses	36,582	48,801
Entertainment	1,517,779	1,694,147
AGM expenses	1,483,135	1,734,729
Bank charges and commission	1,699,279	1,250,183
Telephone Bill	84,060	77,440
Legal Fees	2,641,334	5,851,311
Rent, rates & taxes	381,580	435,930
Training Expenses	2,679,126	2,041,847
Books & Periodicals	55,164	84,730
CSR Expenses	2,234,002	-
Innovation Expenses	772,347	561,171
Reception & Dinner	1,472,443	1,104,370
Recruitment expenses	420,213	544,628
National Integrity and Strategy Training Expenses	1,080,226	1,402,469
	192,911,849	175,222,860

38 Provision for bad & doubtful debts

Closing balance of provision for bad & doubtful debts	384,396,603	235,697,745
Less: Opening balance of provision for bad & doubtful debts	(235,697,745)	(159,439,126)
	148,698,858	76,258,619

Provision made for the year according to the company policy.

39 Depreciation on property, plant and equipment

	36,807,642	35,709,433
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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 rent and others	2,742,267	12,478,723
Interest on FDR & Others	174,416,412	121,169,135
Gain on Sale of Fixed Assets	-	1,154,551
Landing Station Cross Connection Charge	-	2,171,593
Dividend income	1,375,995	1,505,660
	178,534,674	138,479,662



	Amount in Taka	
	2019-2020	2018-2019
41 Gain/(loss) on investment in shares		
Opening market value of investment	34,348,102	35,974,737
Add: Investment during the year	-	-
Total cost of investment(B)	<u>34,348,102</u>	<u>35,974,737</u>
Closing Market Value of Investment (A)	<u>25,201,905</u>	<u>34,348,102</u>
Gain/(Loss)(A-B)	<u>(9,146,197)</u>	<u>(1,626,635)</u>
42 Current tax expense	<u>240,032,242</u>	<u>70,251,738</u>

Detail calculation of current tax expenses has presented in Annexure - E.

43 Deferred tax (income)/expense		
Closing balance of deferred tax liability	521,718,411	465,768,372
Opening balance of deferred tax liability	465,768,372	342,815,911
Deferred tax (income)/expense	<u>55,950,039</u>	<u>122,952,461</u>
44 Basic Earnings Per Share (EPS)		
Earnings attributable to the Ordinary Shareholders	955,998,006	585,758,071
Weighted average number of ordinary Shares outstanding during the year	164,905,510	164,905,510
Earnings Per Share (EPS)	<u>5.80</u>	<u>3.55</u>

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 year under consideration. There was no Extraordinary Transactions during this year.

44.1 Diluted earnings per share is not calculated during the period as the number of potential shares could not be calculated because of valuation of the company could not be done due to pandemic situation of Covid-19. However, after considering the notification of Financial Reporting Council (FRC), the Board of Directors of BSCCL has appointed ICB Capital Management Limited as Issue Manager and a Chartered Accountants Firm as a valuer of assets & liabilities as a process to issue shares in favour of Ministry of Posts, Telecommunications and Information Technology (MoPT& IT) against equity money received from the Government of the People's Republic of Bangladesh for an amount of Tk 1,660,000,000.

45 Net Asset Value		
Total Assets	12,149,886,201	11,412,266,642
Less: Total Liabilities	<u>5,399,871,184</u>	<u>5,024,589,795</u>
	<u>6,750,015,017</u>	<u>6,387,676,847</u>
Number of Ordinary Shares of Tk. 10 each at Financial Position date	164,905,510	164,905,510
NAV-Per Share	<u>40.93</u>	<u>38.74</u>



Amount in Taka	
2019-2020	2018-2019

46 Net operating cash flows per share (NOCFPS)

Net cash flows from operating activities (A)	1,132,621,810	1,203,688,020
Number of Ordinary Shares of Tk. 10 each at Financial Position date (B)	164,905,510	164,905,510
Net operating cash flows per share (NOCFPS) (C=A/B)	6.87	7.30

Revenue of Bangladesh Submarine Cable Company Limited has been increased comparing to that of last year. But due to ongoing COVID-19 pandemic situation collection from clients has been decreased slightly during the period March-2020 to June-2020 even though, BSCCL has emphasized on revenue collection and took some stern steps for the realization. Consequently Net Operating Cash Flows per Share of BSCCL has been decreased comparing to that of previous year. Please note that there was no significant cash flow due to Extraordinary Transactions during this year.

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

	Amount (Tk.) 2019-2020	Amount (Tk.) 2018-2019
Net Profit Before Tax	1,251,980,287	778,962,269
Adjustment to reconcile profit to net cash provided by operating activities:		
Depreciation	455,300,658	455,044,662
Financial Charges	158,328,141	168,304,981
Loss on Investment in Share	9,146,197	1,626,635
Loss on disposal of fixed assets	14,051,991	-
Provision for Bad debts	148,698,858	76,258,619
Other Income	(178,534,674)	(138,479,662)
(Increase)/Decrease in Advance Income tax	(190,860,026)	(114,768,924)
(Increase)/ Decrease in other receivable	170,382,532	134,836,020
(Increase)/ Decrease in debtors	(689,321,171)	(455,533,830)
(Increase)/ Decrease in adv. & deposit	6,416,347	4,336,363
Increase/(Decrease) in sundry creditors	(74,239,781)	116,594,535
Increase/(Decrease) in Security Deposit	74,564,521	56,372,443
Increase/(Decrease) in Employees Pension, Gratuity and PF	(2,635,480)	(2,904,934)
Increase/(Decrease) in Provision for WPPF and WF	23,650,901	24,254,690
Increase/(Decrease) in VAT Payable	(44,095,418)	98,436,651
Increase/(Decrease) in Liability for Expenses	(212,073)	347,501
Net cash flows from operating activities	1,132,621,810	1,203,688,020

47 Financial risk management

The management of the company has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies have been established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks from its use of financial instruments.

- * Credit risk
- * Liquidity risk
- * Market risk



Amount in Taka	
2019-2020	2018-2019

47.1 Credit risk

Credit risk is the risk of a financial loss to the company if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables.

As per terms and conditions of agreement with the clients, sale of Bandwidth is on prepaid basis. But for some unavoidable reasons a portion of sale remains outstanding and to make it acceptable management has made a credit recovery committee and the exposure to credit risk is monitored on an ongoing basis. As at 30 June 2020, receivables from Mango Teleservices Limited and other clients against whom litigations has been initiated are subject to significant credit risk. Risk exposures from other financial assets, i.e. cash at bank and other external receivables are nominal.

The uncertain economic environment has resulted in increase in credit risk and liquidity risk for many companies and BSCCL also faces some challenges in recovering the receivables due to COVID-19. But BSCCL management critically observed the situation. It is found that that the overall market demand is in upward trend despite COVID-19 pandemic and hence it is expected that BSCCL could manage to minimize the dues to a reasonable extent in the near future. As such BSCCL management assumes that there is no need to provide sensibility disclosure regarding Credit and Liquidity Risk related to receivables.

(a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Trade receivables, net	(Note: 5.1)	2,538,306,389	1,997,684,077
Other receivables	(Note: 5.2)	49,347,772	42,571,624
Financial assets - investment in shares	(Note: 8)	25,201,905	34,348,102
Cash and cash equivalents	(Note: 9)	2,418,539,714	2,023,140,004
		<u>5,031,395,780</u>	<u>4,097,743,807</u>

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

Domestic	2,821,953,594	2,169,480,674
Foreign (Export to India)	100,749,398	63,901,148
	<u>2,922,702,992</u>	<u>2,233,381,822</u>

b) Ageing of trade receivables

The aging of gross trade receivables as at the statement of financial position date was:

Past due 0-90 days	19,561,492	531,269,995
Past due 91-180 days	576,220,638	380,486,985
Past due 181-365 days	1,941,681,546	312,447,877
Past due more than 365 days	385,239,316	1,009,176,966
	<u>2,922,702,992</u>	<u>2,233,381,822</u>

c) Impairment losses

Impairment losses on the above receivables were recognised as per the company policy and recommendation made by Audit Committee.



47.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they falls due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

The following are the contractual maturities of financial liabilities of the company:

As at 30 June 2020

	Contractual cash flows (Taka)	1 year or less Taka	More than 1 year Taka
Security deposits received from clients	294,942,951	29,494,295	265,448,655
Employees' pension, gratuity and Provident fund	18,215,001	18,215,001	-
Sundry creditors	167,859,812	167,859,812	-
VAT payable	499,683,513	499,683,513	-
Provision for WPPF and WF	62,599,014	62,599,014	-
Liabilities for expenses	130,044,159	130,044,159	-
	<u>1,173,344,450</u>	<u>907,895,794</u>	<u>265,448,655</u>

As at 30 June 2019

	Contractual cash flows (Taka)	1 year or less Taka	More than 1 year Taka
Security deposits received from clients	220,378,430	22,037,842.99	198,340,587
Employees' pension and gratuity fund	20,850,482	20,850,482	-
Sundry creditors	213,923,194	213,923,194	-
VAT payable	543,778,932	543,778,932	-
Provision for WPPF and WF	38,948,113	38,948,113	-
Liabilities for expenses	224,971,489	224,971,489	-
	<u>1,262,850,640</u>	<u>1,064,510,053</u>	<u>198,340,587</u>

47.3 Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

a) Currency risk

The company is exposed to currency risk on payment of operation and maintenance expense, its reimbursement to and from consortium members and payment to foreign creditors against Upstream purchase . All of the company's foreign currency transactions are denominated in USD.

i) Exposure to currency risk

The company's exposure to foreign currency risk was as follows based on notional amounts:

	Amount in Taka	
	30 June 2020	30 June 2019
Foreign currency denominated liabilities		
Payable against IP transit cost	(26,875,393)	(26,503,320)
Unclaimed IPO Fund	(109,101)	(109,101)
Net exposure	<u>(26,984,494)</u>	<u>(26,612,421)</u>

The following rate has been applied:

	Taka	Taka
US Dollar (\$)	84.71	83.95



ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A change of 10 basis points 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	
	Increase	Decrease	Increase	Decrease
2019-2020				
US Dollar (10% movement)	2,698,449	(2,698,449)	-	-
2018-2019				
US Dollar (10% movement)	2,661,242	(2,661,242)	-	-

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The company is not significantly exposed to fluctuation in interest rates as it has neither floating interest rate bearing financial liabilities nor entered into any type of derivative instrument in order to hedge interest rate risk as at 30 June 2020.

Profile

As at 30 June 2020, the interest rate profile of the company's interest bearing financial instruments was:

Fixed rate instruments

Financial assets (short term investments-FDR)	<u>2,321,423,551</u>	<u>1,887,465,948</u>
Financial liabilities	<u>2,730,693,883</u>	<u>2,891,699,606</u>

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

	As at 30 June 2020		As at 30 June 2019	
	Carrying amount Taka	Fair value Taka	Carrying amount Taka	Fair value Taka
Financial assets				
Assets carried at fair value through profit or loss				
Investment in shares	25,201,905	25,201,905	34,348,102	34,348,102
Held to maturity assets				
Short term investment-FDR	2,321,423,551	2,321,423,551	1,887,465,948	1,887,465,948
Loans and receivables				
Trade receivables, net	2,538,306,389	2,538,306,389	1,997,684,077	1,997,684,077
Other receivables	49,347,772	49,347,772	42,571,624	42,571,624
Financial assets for trading purpose	-	-	-	-
	<u>4,934,279,617</u>	<u>4,934,279,617</u>	<u>3,962,069,752</u>	<u>3,962,069,752</u>



Financial Liabilities:

Liabilities carried at fair value through profit or loss

Liabilities carried at amortised costs

Security deposits received from clients	(294,942,951)	(294,942,951)	(220,378,430)	(220,378,430)
Sundry creditors	(167,859,812)	(167,859,812)	(213,923,194)	(213,923,194)
VAT payable	(499,683,513)	(499,683,513)	(543,778,932)	(543,778,932)
Provision for WPPF and WF	(62,599,014)	(62,599,014)	(38,948,113)	(38,948,113)
Liabilities for expenses	(130,044,159)	(130,044,159)	(224,971,489)	(224,971,489)
	(1,155,129,449)	(1,155,129,449)	(1,242,000,158)	(1,242,000,158)

Gbps

Gbps

48. Bandwidth capacity

Present Capacity

1,800

1,800

Utilization (Monthly Average)

908

616

Percentage of utilization

50.44%

34.23%

49. Capital management

Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity of the company. The Board of Directors monitors the level of capital as well as the level of dividend to the ordinary shareholders. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend, return on capital to shareholders, issue new shares or obtain long-term debt. The company is not subject to any externally imposed capital requirement.

50. Remittance of dividend

No amount has been remitted as dividend during the year.

51. Remittance of foreign currency to consortium and others

Property, Plant and Equipment

30 June 2020
USD30 June 2019
USD

Operation and maintenance expenses

809,616

83,000

IP Transit & Membership cost

2,104,221

1,879,907

540,893

423,147

3,454,730

2,386,054

52. Earnings in foreign Exchange

During the year, earnings in foreign exchange for export of IP Transit service, royalty, know-how, professional and consultation fees, interest & dividend is nil. but the company received foreign exchange of US\$ 15,368.48 equivalent to Tk 12,92,699.12 on account of reimbursement of power sharing cost from Telecom Malaysia Berhad (SMW#5).

53. 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.56,88,726 against which application was made to DCT for correction u/s 173. Return of the income year 2016-2017 was filed to DCT for assessment and DCT demanded Tk. 94,36,501 against which application was made to DCT for correction u/s 173. Now assessment for the year 2015-2016 and 2016-2017 remains under process at DCT & 2018-2019 remains under process at DCT.

54. Director's responsibility statement

The Board of Directors take the responsibility for the preparation and presentation of the financial statements.



55 Related party disclosures

55.1 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 a 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 30 June 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 GOB
2	Mr. Md.Azizul Islam	Director	Additional Secretary-Posts & Telecommunications division, MoPT & IT	Nominated by GOB
3	MS.Kulsum Begum	Director	Joint Secretary, Finance Division, MoF	Nominated by GOB
4	Mr. Md.Monjur Rahman	Director	Joint Secretary, MoST	Nominated by GOB
5	Col Rakibul Karim Chowdhury, afwc, psc	Director	Col Staff, AHQ, GS Br (SD Dte), Dhaka Cantonment, Dhaka	Nominated by GOB
6	Dr. Md Mahbubul Alam Joarder	Director	Professor -Institute of Information Technology, University of Dhaka	Nominated by GOB
7	Mr. I.Iossian Khaled	Independent Director	Director-DCCI	Nominated by GOB
8	Mr. N.K.A Mobin, FCA, FCS	Independent Director	Council Member, ICAB	Nominated by GOB
9	Mr. Mashiur Rahman	Managing Director	BSCCL	Nominated by GOB

(b) Transactions with the following companies where the Directors of the company are related for the year ended 30 June 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 year
1	Bangladesh Telecommunications Company Limited	Mr. Md.Nur-Ur-Rahman	Chairman	Bandwidth sale	474,742,869
2	Bangladesh Telecommunications Company Limited	Mr. Md.Nur-Ur-Rahman		Co-location Sale	-
3	Bangladesh Telecommunications Company Limited	Mr. Md.Nur-Ur-Rahman		Backhaul Purchase	68,593,187
4	Bangladesh Telecommunications Company Limited	Mr. Md.Nur-Ur-Rahman		Backhaul (Co-location Purchase)	813,600
5	Teletalk Bangladesh Ltd.	Mr. Md.Nur-Ur-Rahman		Bandwidth sale	14,338,255

(c) Outstanding balances at at 30 June 2020

Sl. No.	Name of the company (Related party)	Name of the Director	Relationship of the Director with the company	Type of transaction	Opening balance 01.07.2019	Amount of transaction during the year 2019-2020		Closing balance 30.06.2020
						Addition	Adjustment/ Received	
1	Bangladesh Telecommunications Company Limited	Mr. Md.Nur-Ur-Rahman	Chairman	Bandwidth sale	1,124,426,529	474,742,869	(737,441,945)	861,727,454
2	Bangladesh Telecommunications Company Limited	Mr. Md.Nur-Ur-Rahman		Co-location Sale	21,463,462	-	-	21,463,462
3	Bangladesh Telecommunications Company Limited	Mr. Md.Nur-Ur-Rahman		Backhaul Purchase	31,833,823	68,593,187	(77,005,692)	23,421,317
4	Bangladesh Telecommunications Company Limited	Mr. Md.Nur-Ur-Rahman		Backhaul (Co-location) Purchase	468,000	813,600	(604,800)	676,800
5	Teletalk Bangladesh Ltd.	Mr. Md.Nur-Ur-Rahman		Bandwidth sale	8,259,416	14,338,255	(10,760,028)	11,837,643

55.2 Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. (Para 9; IAS 24- Related Party Disclosure).

Even though it is very difficult to differentiate and exact the key personnel management in the organization's hierarchy of the Company (BSCCL), generally, MD,CS.GM and DGM possess authority and responsibility for planning and controlling the activities of the company, directly or indirectly.



The company's key management personnel compensation in total and for each of the following categories are stated below:

a) Short Term Employee Benefits - Employee benefits (other than termination benefits) which fall due wholly within twelve months during the period in which the employees render service. Such as -

		Amount in Taka	
		30 June 2020	30 June 2019
(i) MD's Remuneration	Salary	1,974,871	3,515,394
	Bonuses	363,754	453,360
	WPPF	185,000	81,630
		<u>2,523,625</u>	<u>4,050,384</u>
ii) Other Key Management personnel remuneration and benefit	Salary	17,258,801	15,377,138
	Bonuses	2,898,207	1,762,164
	WPPF	1,376,630	571,410
	Leave encashment	203,000	209,126
		<u>21,736,638</u>	<u>17,919,838</u>
b) Post Employment Benefits - Employee benefits such as Gratuity, provident fund and leave encashment.	Gratuity	13,158,195	8,274,275
	Provident Fund	847,403	679,848
		<u>14,005,598</u>	<u>8,954,123</u>

c) Other Long Term Employee Benefits

Employee benefits that is not due to be paid wholly within twelve months after the end of the period in which the employees render the related service. Such as - long service benefits or sabbatical leave, jubilee or other long service benefits, long term disability benefits.

No such benefits are available in the Company hence, it is not applicable.

d) Termination Benefits

Employee benefits payable as result of either: (i) an entity's decision to terminate an employee's employment before normal retirement date; or (ii) an entity's decision to accept voluntary redundancy in exchange for those benefits.

e) Share based payment

An entity shall recognize the goods or services received or acquired in a share based payment transaction when it obtains the goods or as the services are received. The entity shall recognize a corresponding increase in equity if the goods or services were received in an equity settle share based payment transaction, or a liability if the goods or services were acquired in a cash settled share based payment transaction.

No such benefits are available in the Company hence, it is not applicable.

(f) Director's Board Meeting Attendance Fees 485,567 525,905

(g) 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 into such concerns with the company - Nil
- 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 agent or his associate during the financial year
- 5 Any other perquisites or benefit in cash or in kind stating - Nil
- 6 Other allowances and commission including guarantee commission - Nil.
- 7 i) Pensions-Nil ii) Gratuities-Tk 13,158,195 iii) Payment from Provident Fund, in excess of own subscription and interest thereon-Nil iv) Compensation for loss of office -Nil and v) Consideration in connection with retirement from office -Nil

56 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.

57 Comparatives

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

58 Number of employees

(a) The number of employees employed in the company throughout the year who received aggregate remuneration not less than Tk.36,000 was Nil.

(b) The number of employees employed in the company for part of the year who received aggregate remuneration not less than Tk.3,000 per month was Nil.

(c)As at 30 June 2020 the number of regular employees receiving remuneration of Tk.36,000 or above per annum was 120 (2019: 113).

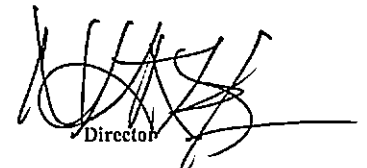
59 Events after the reporting period

The Board of Directors of BSCCL, at its 182nd meeting held on 22 October 2020 proposed 20% Cash Dividend on the paid-up capital equivalent to Taka 329,811,020 for the year 2019-2020. This dividend is subject to final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the company


Chief Financial Officer


Company Secretary


Managing Director


Director

Date: 22 October 2020



Bangladesh Submarine Cable Company Limited
Schedule of Property, Plant & Equipment
As at 30 June 2020

Name of assets	Cost				Accumulated depreciation			WDV as at 30 June 2020	
	As at 01 July 2019	Additions during the period	Adjustment during the period	As at 30 June 2020	Rate	As at 01 July 2019	Charged during the period		Adjustment during the period
a. Freehold assets									
Land and land development	122,612,477	-	-	122,612,477	-	-	-	-	122,612,477
Core equipment-IPLC-SMW-4	2,659,367,038	-	55,501,047	2,603,865,991	10.00%	1,850,082,472	107,683,360	41,281,556	1,916,484,275
Core equipment-IPLC-SMW-5	5,548,720,007	68,516,056	-	5,617,236,063	5.00%	554,440,681	281,266,410	-	835,707,091
Core equipment-IIG	220,178,218	12,605,376	-	232,783,594	14.29%	114,610,614	29,543,245	-	144,153,859
Building	63,415,462	-	-	63,415,462	8.33%	22,090,523	3,756,813	-	25,847,335
Building-SMW-5	291,283,034	-	-	291,283,034	5.00%	29,128,303	14,564,152	-	43,692,455
Floor development	2,654,065	-	-	2,654,065	8.33%	1,950,184	63,989	-	2,014,173
Security barak & security wall	7,827,297	-	-	7,827,297	8.33%	2,852,266	452,276	-	3,304,541
Deep tube-well & pump house	2,343,837	-	-	2,343,837	8.33%	1,737,500	55,122	-	1,792,622
Deep tube-well & pump house-SMW-5	1,334,855	-	-	1,334,855	5.00%	133,486	66,743	-	200,228
Generator-500 KVA(SMW#5)	13,694,661	-	4,719,570	18,414,231	10.00%	2,738,932	2,340,475	444,862	5,524,269
500 KV sub-station	3,284,000	-	-	3,284,000	10.00%	2,832,306	64,528	-	2,896,834
500 KV sub-station-SMW-5	17,866,349	-	(4,719,570)	13,146,779	5.00%	1,759,541	657,339	(444,862)	11,174,761
Power system	35,631,806	-	-	35,631,806	10.00%	26,689,065	1,277,535	-	27,966,599
Power system-SMW-5	20,847,215	-	-	20,847,215	5.00%	2,084,722	1,042,361	-	3,127,082
Power system-IIG	387,555	-	-	387,555	20.00%	77,511	77,511	-	155,022
Boundary wall	11,673,668	-	-	11,673,668	8.33%	3,438,193	748,680	-	4,186,873
Boundary wall-SMW-5	38,218,321	-	-	38,218,321	5.00%	3,821,832	1,910,916	-	5,732,748
Ducting from beach manhole	18,960,526	-	-	18,960,526	10.00%	10,789,105	1,167,346	-	11,956,450
Ducting from beach manhole-SMW-5	21,813,789	-	-	21,813,789	5.00%	2,181,379	1,090,689	-	3,272,068
Vehicles	55,191,012	-	-	55,191,012	20.00%	35,327,945	3,932,613	-	39,460,558
Office equipment and furniture	37,898,703	5,323,903	-	43,222,606	10.00%	12,685,108	2,923,508	-	15,608,616
Co-Location point	916,051	-	-	916,051	12.50%	346,604	81,350	-	427,954
Co-Location point-SMW-5	1,397,121	-	-	1,397,121	5.00%	119,093	69,856	-	188,950
Office decoration	5,103,400	2,598,720	-	7,702,120	10.00%	2,357,234	419,743	-	2,776,977
Water Treatment Plant & Others	220,500	-	-	220,500	20.00%	44,100	44,100	-	88,200
Sub-total	9,202,840,967	89,044,054	55,501,047	9,236,383,973	-	2,684,518,697,2900	455,300,657	41,281,556	3,098,537,799
b. Revalued assets									
Land and land development	346,561,561	-	-	346,561,561	-	-	-	-	346,561,561
Sub-total	346,561,561	-	-	346,561,561	-	-	-	-	346,561,561
Total balance as at 30 June 2020 (a+b)	9,549,402,528	89,044,054	55,501,047	9,582,945,535	-	2,684,518,697	455,300,657	41,281,556	3,098,537,798
Total balance as at 30 June 2019 (a+b)	9,499,133,939	53,510,993	3,242,404	9,549,402,528	-	2,231,771,972	455,044,662	2,297,936	6,864,883,830



Bangladesh Submarine Cable Company Limited
Schedule of Trade Receivable
As at 30 June 2020

SL #	Name of Customer	(Amount in Tk.)			Closing Balance
		Opening Balance	Addition during the year	Collection during the year	
1	I Asia Alliance Communication Ltd	5,044,709		500,000	4,544,709
2	I Asia Alliance Gateway Ltd	4,257,981	-	-	4,257,981
3	Aamra Technologies Ltd	48,451,846	139,083,045	76,695,479	110,839,412
4	Aamra Technologies Ltd(SMW#5)	147,490,905	381,379,351	264,325,006	264,545,250
5	ADN International Gateway LtdSMW#4		6,313,003	-	6,313,003
6	ADN International Gateway LtdSMW#5		18,746,582	-	18,746,582
7	ADN Telecom LtdIIG(ISP)	5,878,243	12,315,908	8,757,134	9,437,017
8	AKCEYCOM LtdIIG(ISP)	51,423	-	-	51,423
9	Always On Network BD LtdIIG(ISP)	940,719	3,290,260	2,380,939	1,850,041
10	Apple Global Tel Communications Ltd	4,047,909	-	-	4,047,909
11	Bangla Phone LtdIIG(ISP)	4,559,524	-	-	4,559,524
12	Bangla Tel Ltd	1,595,924	6,423,562	5,143,975	2,875,511
13	Bangla Trac Communications Ltd.	1,238,550	-	-	1,238,550
14	Bangladesh Internet Exchange LtdIIG	762,142	-	-	762,142
15	Bangla Phone LtdCoLocation Charge	878,465	-	-	878,465
16	BD Hub LtdIIG	22,053,085	63,514,695	48,624,747	36,943,033
17	BD Link Communication Ltd	1,208,090	3,140,273	2,475,808	1,872,555
18	BDREN/UGCISP	1,481,592	7,509,677	2,394,000	6,597,269
19	BESTEC Telecom Ltd	2,356,856		50,000	2,306,856
20	BG International Gateway Ltd	14,933,943		1,687,481	13,246,462
21	BG Tel Ltd.	460,601	6,423,562	4,159,260	2,724,903
22	Bharti Airtel Limited(Airtel)	761,701	-	-	761,701
23	Brac Net LtdIIG(ISP)	466,412	4,303,282	3,257,769	1,511,925
24	BSNL	63,901,148	36,848,250	-	100,749,398
25	BTCL	989,547,810	254,217,999	539,162,588	704,603,221
26	BTCL CoLocation(IPLCSMW#4)	10,033,750	-	-	10,033,750
27	BTCL Power&Rack(IPLCSMW#4)	11,429,712	-	-	11,429,712
28	BTCL SMW#5	114,687,231	220,524,871	178,087,869	157,124,233
29	BTRC for DC&DR	5,009,500	5,701,890	6,826,871	3,884,520
30	BTS Communication(BD) LtdISP(IIG)	239,703	862,638	574,304	528,037
31	CEL Telecom Ltd	1	-	-	1
32	Chittagong Online LtelIIG(ISP)	553,194	5,823,194	4,885,769	1,490,620
33	Cox Link ITIIG(ISP)		323,808	280,701	43,107
34	Cybergate Ltd	13,231,198	62,053,722	42,870,243	32,414,678
35	Cybergate LtdIIG	2	-	-	2
36	Cybergate LtdSMW#5	30,356,291	118,297,439	94,048,528	54,605,202
37	DBL Telecom Ltd	3	-	-	3
38	Delta Infocom Ltd	3,118,358	-	200,000	2,918,358
39	Earth Telecommunication LtdIIG	50,781,361	10,912,089	22,116,501	39,576,949
40	Earth Telecommunication LtdSMW#5	18,366,238	74,829,944	36,241,650	56,954,531
41	Earth Telecommunications Pvt.Ltd	9,829,316	58,991,774	30,160,601	38,660,489
42	Equitel Communication LtdIIG	175,817	1,550,926	1,379,201	347,542
43	Exabyte LtdIIG	226,771	-	-	226,771
44	Fiber @ Home Global Ltd(SMW#5)	4,542,091	38,144,823	17,919,776	24,767,139
45	Fiber@Home Global Ltd	40,397,946	86,069,890	51,086,270	75,381,566
46	Fiber@Home Global Ltd(ITC)	5,164,478	8,984,276	6,352,000	7,796,754
47	Fiber@Home Golbal LtdIIG	23,765,826	64,709,887	47,113,712	41,362,001
48	Fiber@Home Ltd Power&Rack(SMW#5)	494,000	1,048,800	963,680	579,120
49	Fiber@Home Ltd(Power&Rack)SMW#4	279,539	697,717	577,479	399,777
50	Fiber@Home LtdColocation (SMW#5)	970,336	13,993,516	6,430,673	8,533,179



SL #	Name of Customer	(Amount in Tk.)			
		Opening Balance	Addition during the year	Collection during the year	Closing Balance
51	Fiber@Home Ltd -CoLocation Charge	9,000,663	16,853,983	25,240,691	613,954
52	First Communication Ltd	3,258,547	-	-	3,258,547
53	Global Fair Communication LtdIIG	70,101	-	-	70,101
54	Global Voice Telecom Ltd	(182,312)	-	110,177	(292,489)
55	HRC Technologies Ltd	6,663,460	6,423,562	4,218,878	8,868,143
56	Infocom LtdIIG(ISP)	120,651	1,374,033	1,007,724	486,960
57	InterCloud Ltd	32,496	-	-	32,496
58	ITel LtdIIG	65,550	-	-	65,550
59	Kay Telecommunication Ltd	9,465,845	-	-	9,465,845
60	Kloud Technologies Ltd		58,220	25,654	32,566
61	KS Network LtdIIG (ISP)	4,850,615	13,547,884	9,766,534	8,631,965
62	Level 3 Carrier Ltd	28,938,827	73,252,263	49,752,575	52,438,515
63	Level3 Carrer Ltd(Power&Rack)IIG		23,008	23,008	-
64	Level3 Carrier Ltd(SMW#5)	61,388,287	313,699,043	198,233,850	176,853,480
65	Managewell Communication Ltd(SMW#5)	6,907,706	9,373,291	10,075,269	6,205,728
66	Managewell Communications Ltd	6,790,805	3,156,502	10,238,644	(291,337)
67	Mango Tele Services Ltd.	154,928,896	-	-	154,928,896
68	Maxnet Online	12,653,417	-	-	12,653,417
69	Maxnet OnlineIIG	13,626,984	2,643,914	9,478,451	6,792,447
70	Mir Telecom Ltd.	2,437,457	2,746,217	1,783,052	3,400,623
71	NMS Technologies LtdIIG (ISP)	133,802	679,332	338,245	474,889
72	Novocom Ltd	10,211,414	-	-	10,211,414
73	Novocom Ltd-(ITC)	3,155,266	18,285,000	10,719,250	10,721,016
74	Novocom Ltd-IIG	592,264	-	-	592,264
75	Novotel	2,166,539	-	-	2,166,539
76	Orange Communication LtdIIG(ISP)	39,210	-	-	39,210
77	Peerex Network-IIG	16,449,145	182,811,797	87,936,772	111,324,170
78	Pioneer Services Ltd-IIG(ISP)	52,500	346,599	225,630	173,469
79	Planet SatelliteIIG(ISP)	1,263,898	-	163,898	1,100,000
80	Platinum Communications Ltd	1	-	-	1
81	Premium Connectivity Ltd-IIG(ISP)	11,250	690,979	316,196	386,033
82	Radiant Communication Ltd	4,712,242	-	200,000	4,512,242
83	Ranks Telecom Ltd	542,476	-	-	542,476
84	Ratul Telecom Ltd	13,275,840	-	-	13,275,840
85	REGO Communication Ltd	1,289,008	-	100,000	1,189,008
86	Roots Communications Ltd	2,017,997	7,674,616	4,443,122	5,249,491
87	Sky Tel Communication Ltd	3	-	-	3
88	Skytel Communications Ltd-IIG	10,801,942	30,311,070	18,116,453	22,996,559
89	SM Communication Ltd	1,344,610	-	-	1,344,610
90	SS Online LtdIIG-(ISP)		137,655	69,575	68,080
91	SSDTech LtdIIG-(ISP)	38,504	644,971	443,785	239,690
92	Summit Communciation Power&Rack(5)	416,500	1,173,000	793,050	796,450
93	Summit Communication Ltd (ITC)	3,565,614	10,503,518	5,886,144	8,182,988
94	Summit Communication Ltd -ColocSMW5	6,552,462	26,012,223	15,687,686	16,876,998
95	Summit Communication LtdIIG	45,777,286	137,550,062	88,848,383	94,478,965
96	Summit Communication LtdIPLC(SMW#5	45,157,736	289,754,678	172,720,891	162,191,523
97	Summit Communication Ltd Power&Rack	634,682	1,799,520	1,216,632	1,217,570
98	Summit Communication ADCN Terminati	108,326	-	5,186	103,140
99	Summit Communications Ltd	40,392,346	137,565,959	90,399,533	87,558,772
100	Summit Communications Ltd CoLoctio	4,021,279	13,724,089	8,734,748	9,010,620
101	Teletalk Bangladesh LtdIIG (ISP)	7,264,173	14,137,610	9,575,872	11,825,911
102	Teletalk BD LtdCoLocation-(SMW#5)	50,243	200,645	239,156	11,731
103	Telex Ltd	18,880,608	-	-	18,880,607
104	Vision Tel Ltd	5,422,425	-	-	5,422,425
	Grand Total	2,233,381,822	3,034,185,895	2,344,864,725	2,922,702,992



Bangladesh Submarine Cable Company Limited
Schedule of Security Deposit received from Clients
As at 30 June 2020

SL#	Name of Customer	Amount in Tk.			
		Opening Balance	Addition during the year	Adjustment during the year	Closing Balance
1	Aamra Technologies Ltd	10,580,000	6,672,372	-	17,252,372
2	Aamra Technologies Ltd(SMW#5)	32,027,233	2,496,938	-	34,524,171
3	ADN Telecom LtdIIG(ISP)	1,891,290	-	-	1,891,290
4	AKCEYCOM LtdIIG(ISP)	39,388	-	-	39,388
5	Always On Network BD LTDIIG(ISP)	326,244	50,801	-	377,045
6	Apple Network Ltd	1,012,390	-	-	1,012,390
7	Bangla Phone Ltd(IIG)	147,591	-	-	147,591
8	Bangla Tel Ltd	688,608	-	-	688,608
9	Bangla Trac	1,012,977	-	-	1,012,977
10	Bangladesh Internet ExchangeLtdIIG	62,100	-	-	62,100
11	BanglaPhone LtdIIG(ISP)	550,160	-	-	550,160
12	BD Hub LtdIIG	4,549,271	2,546,100	776,250	6,319,121
13	BD Link Communication Ltd	2,299,712	-	-	2,299,712
14	BDREN/UGCISP	850,000	-	-	850,000
15	BG Tel Ltd	2,328,497	-	-	2,328,497
16	Brac Net LtdIIG(ISP)	349,110	-	-	349,110
17	BTCL	8,912,611	-	3,677,054	5,235,557
18	BTRC(DC&DR)	195,500	-	-	195,500
19	BTS Communication(BD)LtdISP	74,520	-	-	74,520
20	Chittagong Online LtdIIG(ISP)	417,526	10,619	-	428,145
21	Cox Link ITIIG(ISP)	-	42,826	-	42,826
22	Cybergate Ltd	5,635,000	2,026,875	-	7,661,875
23	Cybergate LtdIIG	89,183	-	89,183	-
24	Cybergate LtdSMW#5	11,440,064	-	2,086,584	9,353,480
25	Cybergate Online Ltd(Power&Rack)IIG	11,019	-	-	11,019
26	Digicon Telecommunication Ltd	1	-	-	1
27	Earth Telecommunication LtdIIG	962,010	1,239,413	-	2,201,423
28	Earth Telecommunication LtdSMW#5	6,700,475	-	-	6,700,475
29	Earth Telecommunications Pvt.Ltd	3,191,250	4,165,760	-	7,357,010
30	Equitel Communication LtdIIG	311,166	51,750	-	362,916
31	Fiber @ Home Global Ltd(SMW#5)	2,902,324	-	-	2,902,324
32	Fiber@Home Golbal LtdIIG	7,548,255	-	-	7,548,255
33	Fiber@Home Ltd	8,050,000	-	-	8,050,000
34	Fiber@Home Ltd(ITC)	968,559	-	-	968,559
35	Fiber@Home LtdCoLocation	3,949,107	717,000	-	4,666,107
36	Fiber@Home LtdColocation (SMW#5)	716,250	431,250	-	1,147,500
37	Fiber@Home LtdPower&Rack(SMW#4)	-	15,525	-	15,525
38	Global Voice Ltd	688,608	-	-	688,608
39	HRC Technologies Ltd	528,549	-	-	528,549
40	Infocom LtdIIG(ISP)	86,573	-	-	86,573
41	Kloud Technologies LtdISPColoca	-	11,102	-	11,102
42	KS Network LtdIIG(ISP)	1,128,127	-	-	1,128,127
43	Level 3 Carrier Ltd	3,591,000	4,853,750	-	8,444,750
44	Level3 Carrer Ltd(Power&Rack)IIG	-	9,929	-	9,929
45	Level3 Carrier Ltd(SMW#5)	18,978,771	18,003,464	-	36,982,235
46	Managewell Communication Ltd(SMW#5)	2,185,823	-	-	2,185,823



SL#	Name of Customer	Amount in Tk.			
		Opening Balance	Addition during the year	Adjustment during the year	Closing Balance
47	Managewell Communications Ltd	1,218,801	-	-	1,218,801
48	Maxnet OnlinIIG	7,866,000	-	7,866,000	-
49	Mir Telecom	5,412,537	-	-	5,412,537
50	NMS Technologies LtdIIG(ISP)	56,350	-	-	56,350
51	Novocom Ltd	5,294,702	-	-	5,294,702
52	Novocom Ltd(ITC)	1,541,736	-	-	1,541,736
53	Peerex NetworksIIG	5,115,285	15,671,626	-	20,786,911
54	Pioneer Services LtdIIG(ISP)	28,750	-	-	28,750
55	Planet SatellitIIG(ISP)	165,347	-	-	165,347
56	Premium Connectivity LtdIIG(ISP)	28,750	26,250	-	55,000
57	Roots Communication Ltd	896,153	-	-	896,153
58	Skytel Communications LtdIIG	2,843,962	259,516	-	3,103,478
59	SS Online LtdIIG(ISP)	-	26,738	-	26,738
60	SSDTech LtdIIG(ISP)	198,156	-	-	198,156
61	Summit Communication Ltd(ITC)	836,101	460,000	-	1,296,101
62	Summit Communication LtdColocSW#5	1,673,250	684,000	-	2,357,250
63	Summit Communication LtdIIG	13,564,752	711,563	-	14,276,314
64	Summit Communication LtdSMW5	11,580,385	20,497,970	-	32,078,355
65	Summit Communications Ltd	12,288,057	6,876,208	-	19,164,264
66	Summit Communications LtdColocati	1,196,460	500,250	-	1,696,710
67	Teletalk BD LtdIIG(ISP)	345,000	-	-	345,000
68	Venus Telecom Ltd	251,057	-	-	251,057
Grand Total		220,378,430	89,059,592	14,495,071	294,942,951



Bangladesh Submarine Cable Company Limited
Statement of Profit or Loss and Other Comprehensive Income for IIG Unit
For the year ended 30 June 2020

	Notes	Amount in Taka	
		30 June 2020	30 June 2019
Revenue			
Circuit Activation Charges	26	338,000	977,000
IP Transit Service	27	459,323,412	397,696,503
Co-Location Charges	28	47,428	3,582
IP Transit Service-Export	29	36,848,250	58,751,638
		496,557,090	457,428,723
Direct cost of operation			
Electricity and generator fuel		2,308,571	2,330,892
Backhaul & Data connectivity Charges	32	115,833,714	142,367,016
IP Transit Cost	33	56,100,568	45,467,343
Exchange Loss/(gain)		(7,902)	30,547
Depreciation of core machinery (Schedule-A)		29,543,245	26,391,901
		203,778,196	216,587,700
Gross profit		292,778,894	240,841,024
Operating expenses			
General and administrative expenses		38,210,156	31,823,977
Depreciation on property, plant and equipment		987,183	1,158,963
Provision for Bad & Doubtful Debts		52,883,071	12,040,769
		92,080,410	45,023,709
Operating profit		200,698,485	195,817,314
Non-operating income			
Bank interest and other income		466,233	421,250
Profit before WPPF & WF		201,164,718	196,238,564
Provision for contribution to WPPF & WF		9,579,272	9,344,694
Profit before taxation		191,585,446	186,893,870
Less: Current tax expenses		25,463,180	23,361,734
Net profit after tax		166,122,266	163,532,137
Total comprehensive income		166,122,266	163,532,137



Annexure-E

Bangladesh Submarine Cable Company Limited
Calculation of Current Tax Provision
For the year ended 30 June 2020

Amount in Taka

Particulars	Total Amount	Exemption rate	Exempted Amount	Chargeable Income	Tax Rate	Tax Liability
Profit Before Taxation	1,251,980,287					
Add: Provision for bad debt	148,698,858					
Provision for WPPF & WF	-					
Provision for gratuity	-					
Excess perquisite	7,612,406					
CSR expense	2,234,002					
Accounting depreciation	455,300,657					
	<u>1,865,826,210</u>					
Less: Tax depreciation	836,942,718					
Total taxable income	<u>1,028,883,491</u>					
Less: Non -operating Income	<u>178,534,674</u>					
Profit on which tax holiday is applicable	<u>850,348,817</u>					
Profit as per Ratio of Sales	681,384,507	0%	-	681,384,507	25%	170,346,127
Profit-IIG as per Ratio of Sales	168,964,310	40%	67,585,724	101,378,586	25%	25,344,646
Tax on Other Income				177,158,679	25%	44,289,670
Tax on Dividend Income				1,375,995	20%	275,199
Total			67,585,724	961,297,767		240,255,642

Investment tax credit	<u>CSR</u>	<u>PM R Fund</u>	<u>Total</u>		<u>Rebate</u>
	2,234,002	-	2,234,002	10%	223,400
Net tax liability					<u>240,032,242</u>



Annexure-F

Bangladesh Submarine Cable Company Limited
Calculation of Average Effective Tax Rate
For the year ended 30 June 2020

Components of tax expense		
Current tax expense	(Note-42)	240,032,242
Deferred tax expense	(Note-43)	55,950,039
Total income tax expense		295,982,281

Explanation of the relationship between tax expense & profit before tax

(i) A numerical reconciliation between tax expense & the profit before tax

Profit before tax		1,251,980,287
Current tax expense		
Tax expense on business income(applicable tax rate-25%)		195,690,773
Tax expense on other income (applicable tax rate-25%)		44,289,670
Tax expense on dividend income(applicable tax rate-20%)		275,199
Investment tax credit (applicable tax rate-25%)		(223,400)
Total Current tax expense		240,032,242
Deferred tax expense		
Closing balance of deferred tax liability	(Note-43)	521,718,411
Opening balance of deferred tax liability		465,768,372
Total deferred tax expense(B)		55,950,039
Total income tax expense(A+B)		295,982,281

(ii) A numerical reconciliation between the average effective tax rate & applicable tax rate

Tax effect on business income	16%
Tax effect on other income	4%
Tax effect on deferred tax expense	4%
Tax effect on Dividend Income	0.02%
Tax effect on Investment tax credit	-0.02%
Average effective tax rate	24%

