bKash Limited

Independent Auditor's report and financial statements as at and for the year ended 31 December 2022

KPMG

Rahman Rahman Huq
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Independent Auditor's Report

To the Shareholders of bKash Limited.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of bKash Limited ("the Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the followings:

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

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

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

Ali Ashfaq, Partner, Enrolment Number: 509
Rahman Rahman Huq, Chartered Accountants
Firm Registration Number: [N/A]

RAHMAN RAHMAN HUQ KPMG ★DHAKA★

Dhaka, 22 MAR 2023

DVC: 2303220509AS918935

bKash Limited

Statement of financial position

In Taka	*Note*	31 December 2022	31 December 2021
Assets			
Property, plant and equipment	5	2,829,835,577	2,578,896,713
Intangible assets	6	2,610,670,039	2,560,631,513
Deferred tax assets	7	1,026,955,363	877,822,622
Investment in government securities	8	4,671,614,861	-
Non-current assets		11,139,075,840	6,017,350,848
Operational and other receivables	9	2,033,648,941	2,101,987,475
Advances, deposits and prepayments	10	879,871,944	728,365,983
Contract assets	11	1,095,523,848	1,130,981,177
Current tax assets	12	1,118,418,206	651,478,571
Airtime in circulation	13	1,823,331,600	862,765,288
Trust cum settlement account and investments	14	68,528,984,067	58,633,542,114
Investment in fixed deposits	15	13,094,575,827	18,213,467,327
Cash and cash equivalents	16	5,870,995,279	6,176,857,884
Current assets		94,445,349,712	88,499,445,819
Total assets		105,584,425,552	94,516,796,667
Equity			
Ordinary shares	17	38,194,900	38,194,900
Share premium - ordinary shares		1,286,205,568	1,286,205,568
Ordinary share capital and premium		1,324,400,468	1,324,400,468
Preference shares	18	16,310,400	16,310,400
Share premium - preference shares		30,610,126,295	30,610,126,295
Preference share capital and premium		30,626,436,695	30,626,436,695
Capital Reserve		36,011,137	18,479,529
Retained earnings/(loss)		(1,384,502,156)	(1,542,286,625)
Total equity		30,602,346,144	30,427,030,067
Liabilities			
Operational and other payables	22	736,882,143	808,957,534
Lease liabilities	19	413,273,174	352,785,706
Non-current liabilities		1,150,155,317	1,161,743,240
Defined benefit plan - gratuity	20	135,847,865	72,241,033
e-money in circulation	21	68,304,799,919	58,533,439,086
Operational and other payables	22	1,940,656,574	1,389,842,139
Lease liabilities	19	183,398,957	125,257,891
Accrued expenses	23	3,267,220,776	2,807,243,211
Current liabilities		73,831,924,091	62,928,023,360
Total liabilities		74,982,079,408	64,089,766,600
Total equity and liabilities		105,584,425,552	94,516,796,667

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer　　Director　　Director　　Company Secretary

As per our report of same date.

Auditor

Ali Ashfaq, Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Dhaka, 22 MAR 2023

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DVC: 2303220509AS918935

bKash Limited
Statement of profit or loss and other comprehensive income

In Taka	*Note*	31 December 2022	For the year ended 31 December 2021
Revenue	*24*	**34,308,082,701**	27,945,227,942
Cost of services	*25*	**(24,931,454,951)**	(21,307,070,386)
Gross profit		**9,376,627,750**	6,638,157,556
Operating and administrative expenses	*26*	**(7,337,870,337)**	(5,859,421,589)
Commercial expenses	*27*	**(2,805,315,588)**	(2,372,957,814)
Operating profit/(loss)		**(766,558,175)**	(1,594,221,847)
Net finance income	*28*	**1,214,155,477**	69,533,521
Profit/(loss) before contribution to WPPF		**447,597,302**	(1,524,688,326)
Contribution to WPPF		**(22,379,865)**	-
Profit/(loss) before tax		**425,217,437**	(1,524,688,326)
Income tax (expense)/income	*29*	**(253,105,698)**	290,487,583
Profit/(loss)		**172,111,739**	(1,234,200,743)
Other comprehensive income/(expense)			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		**4,419,777**	87,632,337
Related tax		**(1,215,439)**	(26,289,701)
		3,204,338	61,342,636
Total comprehensive income		**175,316,077**	(1,172,858,107)

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer | Director | Director | Company Secretary

As per our report of same date.

Auditor
Ali Ashfaq, Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Dhaka, 22 MAR 2023

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bKash Limited

Statement of changes in equity

In Taka	Ordinary shares	Share premium - ordinary shares	Preference shares	Share premium - preference shares	Capital reserve	Share money deposit	Retained earnings/(loss)	Total equity
						For the year ended 31 December 2021		
Balance at 1 January 2021	38,194,900	1,286,205,568	8,796,300	8,286,915,782	18,479,529	505,162	(369,428,518)	9,269,668,723
Transaction with shareholders								
Issue of preference shares - net of issue cost	-	-	7,514,100	22,323,210,513	-	-	-	22,330,724,613
Adjustment during the year	-	-	-	-	-	(505,162)	-	(505,162)
Total comprehensive income								
Loss for the year	-		-	-	-	-	(1,234,200,743)	(1,234,200,743)
Other comprehensive income/(expense)	-	-	-	-	-	-	61,342,636	61,342,636
Total	-	-	7,514,100	22,323,210,513	-	(505,162)	(1,172,858,107)	21,157,361,344
Balance at 31 December 2021	38,194,900	1,286,205,568	16,310,400	30,610,126,295	18,479,529	-	(1,542,286,625)	30,427,030,067

In Taka	Ordinary shares	Share premium - ordinary shares	Preference shares	Share premium - preference shares	Capital reserve	Share money deposit	Retained earnings/(loss)	Total equity
						For the year ended 31 December 2022		
Balance at 1 January 2022	38,194,900	1,286,205,568	16,310,400	30,610,126,295	18,479,529	-	(1,542,286,625)	30,427,030,067
Total comprehensive income								
Profit for the year	-	-	-	-	-	-	172,111,739	172,111,739
Other comprehensive income/(expense)	-	-	-	-	-	-	3,204,338	3,204,338
Transfer to capital reserve	-		-	-	17,531,608	-	(17,531,608)	-
Total	-	-	-	-	17,531,608	-	157,784,469	175,316,077
Balance at 31 December 2022	38,194,900	1,286,205,568	16,310,400	30,610,126,295	36,011,137	-	(1,384,502,156)	30,602,346,144

The annexed notes 1 to 37 form an integral part of these financial statements.

bKash Limited
Statement of cash flows

In Taka	31 December 2022	For the year ended 31 December 2021
Cash flows from operating activities		
Cash receipt from customers and others	**52,729,385,024**	46,012,827,731
Cash paid to suppliers, employees and others	**(37,478,518,033)**	(32,217,939,338)
Cash generated from operating activities	**15,250,866,991**	13,794,888,393
Taxes paid to government exchequer	**(5,599,727,684)**	(4,431,179,487)
Net cash flows from operating activities	**9,651,139,307**	9,363,708,906
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(668,156,604)**	(1,018,486,315)
Acquisition of intangible assets	**(735,228,807)**	(723,989,315)
Interest received from deposits	**1,109,117,365**	209,226,220
Encashment of/(investment in) government securities	**(4,671,614,861)**	-
Encashment of/(investment in) fixed deposits	**5,118,891,500**	(15,412,958,927)
Net cash (used in)/ generated from investing activities	**153,008,593**	(16,946,208,337)
Cash flows from financing activities		
Lease liabilities	**(214,568,552)**	(231,462,481)
Net proceed from issuance of preference shares	**-**	22,330,724,613
Net cash (used in)/ generated from financing activities	**(214,568,552)**	22,099,262,132
Net increase in cash and cash equivalents	**9,589,579,348**	14,516,762,701
Cash and cash equivalents including trust cum settlement account and investments as at 1 January	**64,810,399,998**	50,293,637,297
Cash and cash equivalents including trust cum settlement account and investments as at 31 December	**74,399,979,346**	64,810,399,998
Less: Trust cum settlement account and investments as at 31 December	**68,528,984,067**	58,633,542,114
Cash and cash equivalents as at 31 December	**5,870,995,279**	6,176,857,884

The annexed notes 1 to 37 form an integral part of these financial statements.

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Notes to the financial statements

1 Reporting entity

1.1 Company profile

bKash Limited (hereinafter referred to as "the Company"), a subsidiary of BRAC Bank Limited, started as a joint venture between BRAC Bank Limited, Bangladesh and Money in Motion LLC, USA. It was incorporated as a private company limited by shares under the Companies Act, 1994 on 1 March 2010 having its registered office in Dhaka. Subsequently, International Finance Corporation (IFC) (by subscribing for fresh ordinary shares in April 2013), Alipay Singapore E-Commerce Private Limited ("Alipay") (by purchasing ordinary shares from existing shareholders in April 2018) and SVF II BEAM (DE) LLC ("SoftBank") (by purchasing ordinary shares from existing shareholders in November 2021) became equity partners of the Company. Apart from the above, the Bill & Melinda Gates Foundation, Alipay and SoftBank hold non-voting preference shares in the Company.

The Company has an authorised share capital of Tk. 500,000,000 divided into 4,700,000 ordinary shares of Tk. 100 each and 300,000 preference shares of Tk. 100 each.

1.2 Nature of business

bKash provides different financial services via mobile phones to its customers under a Payment Services Provider (PSP) license issued by Bangladesh Bank. The ultimate objective of the Company is to ensure access to a broader range of financial services for the people of Bangladesh. It has a special focus to serve the low income masses of the country in order to achieve broader financial inclusion by providing services that are convenient, affordable and reliable.

2 Basis of accounting

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and as per the requirements of the Companies Act, 1994.

The titles and format of these financial statements follow the requirements of IFRSs which are to some extent different from the requirements of the Companies Act, 1994. However, such differences are not material and in the view of management, IFRS titles and format gives a better presentation to its intended users.

These financial statements are presented in Bangladeshi Taka (Taka/Tk/BDT), which is both the functional and the presentation currency of the Company.

Details of the Company's accounting policies are included in Note 36.

2.2 Date of authorisation

These financial statements have been authorised for issue by the Board of Directors of the Company on 22 MAR 2023

3 Reporting period

The financial statements of the Company covers the year from 1 January to 31 December and it is followed consistently.

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4 Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

a. Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Notes 19 and 36M	Lease liabilities

b. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Notes 5 and 36G	Property, plant and equipment
Notes 6 and 36H	Intangible assets
Notes 7 and 36F(ii)	Deferred tax assets
Notes 11 and 36B	Contract assets
Notes 12 and 36F(i)	Current tax assets
Notes 20 and 36D(iii)	Defined benefit plan - gratuity
Notes 31, 32 and 36P	Commitments and contingencies

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5 Property, plant and equipment

See the accounting policy in Note 36G and 36M

Reconciliation of carrying amount

In Taka	*Note*	IT equipment	Laptop & computer	Motor vehicles	Motor vehicles-Leased	Office furniture	Office equipment	Leasehold improvements	Premises-Leased	Work in progress	Total
Cost											
Balance at 1 January 2021		1,781,194,987	218,286,072	2,000,000	129,737,577	84,553,647	64,234,809	126,699,103	1,068,835,924	329,231,886	3,804,774,005
Additions		110,486,951	7,294,447	-	3,359,973	718,606	805,761	6,421,632	47,919,211	905,257,810	1,082,264,391
Reclassification		-	-	81,648,601	(81,648,601)	-	-	-	-	-	-
Write-off/ disposals/ adjustments		(6,973,789)	(25,179,741)	-	-	-	-	(2,207,540)	(289,781,615)	-	(324,142,685)
Transfer from work in progress		1,095,748,653	-	-	-	-	-	-	-	(1,095,748,653)	-
Balance at 31 December 2021		2,980,456,802	200,400,778	83,648,601	51,448,949	85,272,253	65,040,570	130,913,195	826,973,520	138,741,043	4,562,895,711
Balance at 1 January 2022		**2,980,456,802**	**200,400,778**	**83,648,601**	**51,448,949**	**85,272,253**	**65,040,570**	**130,913,195**	**826,973,520**	**138,741,043**	**4,562,895,711**
Additions		**132,934,292**	**67,462,934**	**141,279,587**	-	**3,929,761**	**5,593,443**	**8,644,840**	**329,255,079**	**420,887,710**	**1,109,987,646**
Reclassification		-	-	-	-	-	-	-	-	-	-
Write-off/ disposals/ adjustments		**(12,690,234)**	**(22,466,383)**	**(64,077,970)**	-	**(1,939,575)**	**(1,189,214)**	**(1,435,079)**	**(78,635,299)**	**(42,498)**	**(182,476,252)**
Transfer from work in progress		**349,339,801**	-	-	-	**19,000,000**	**500,000**	**14,262,941**	-	**(383,102,742)**	-
Balance at 31 December 2022		**3,450,040,661**	**245,397,329**	**160,850,218**	**51,448,949**	**106,262,439**	**69,944,799**	**152,385,897**	**1,077,593,300**	**176,483,513**	**5,490,407,105**
Accumulated depreciation											
Balance at 1 January 2021		802,855,784	109,489,127	1,999,999	76,518,431	52,969,172	45,085,169	83,672,104	346,778,012	-	1,519,367,798
Depreciation	26.1	396,165,714	55,478,500	13,198,887	9,729,794	10,432,368	8,096,144	14,658,977	171,803,773	-	679,564,157
Reclassification		-	-	64,844,244	(64,844,244)	-	-	-	-	-	-
Write-off/ disposals/ adjustments		(5,943,420)	(25,097,052)	-	-	-	-	(2,159,764)	(181,732,721)	-	(214,932,957)
Balance at 31 December 2021		1,193,078,078	139,870,575	80,043,130	21,403,981	63,401,540	53,181,313	96,171,317	336,849,064	-	1,983,998,998
Balance at 1 January 2022		**1,193,078,078**	**139,870,575**	**80,043,130**	**21,403,981**	**63,401,540**	**53,181,313**	**96,171,317**	**336,849,064**	-	**1,983,998,998**
Depreciation	26.1	**542,584,932**	**49,661,483**	**20,019,133**	**10,289,789**	**9,293,854**	**5,497,586**	**13,409,729**	**205,596,875**	-	**856,353,381**
Reclassification		-	-	-	-	-	-	-	-	-	-
Write-off/ disposals/ adjustments		**(12,571,222)**	**(21,880,238)**	**(64,077,970)**	-	**(1,905,571)**	**(1,118,865)**	**(1,422,150)**	**(76,804,835)**	-	**(179,780,851)**
Balance at 31 December 2022		**1,723,091,788**	**167,651,820**	**35,984,293**	**31,693,770**	**70,789,823**	**57,560,034**	**108,158,896**	**465,641,104**	-	**2,660,571,528**
Carrying amounts											
At 1 January 2021		978,339,203	108,796,945	1	53,219,147	31,584,475	19,149,641	43,026,999	722,057,912	329,231,886	2,285,406,207
At 31 December 2021		1,787,378,724	60,530,203	3,605,471	30,044,968	21,870,713	11,859,257	34,741,878	490,124,456	138,741,043	2,578,896,713
At 31 December 2022		**1,726,948,873**	**77,745,509**	**124,865,925**	**19,755,179**	**35,472,616**	**12,384,765**	**44,227,001**	**611,952,196**	**176,483,513**	**2,829,835,577**

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6 Intangible assets

See the accounting policy in Note 36H

Reconciliation of carrying amount

In Taka	*Note*	Software	Work in progress	Total
Cost				
Balance at 1 January 2021		2,025,098,837	180,056,915	2,205,155,752
Additions		1,625,350,023	246,787,235	1,872,137,258
Write-off/ disposals/ adjustments		(32,399,568)	-	(32,399,568)
Transfer from work in progress		231,222,823	(231,222,823)	-
Balance at 31 December 2021		3,849,272,115	195,621,327	4,044,893,442
Balance at 1 January 2022		**3,849,272,115**	**195,621,327**	**4,044,893,442**
Additions		**591,213,591**	**267,443,645**	**858,657,236**
Write-off/ disposals/ adjustments		-	**(1,077,961)**	**(1,077,961)**
Transfer from work in progress		**261,535,322**	**(261,535,322)**	-
Balance at 31 December 2022		**4,702,021,028**	**200,451,689**	**4,902,472,717**
Accumulated amortisation				
Balance at 1 January 2021		918,343,568	-	918,343,568
Amortisation	*26.1*	574,602,044	-	574,602,044
Write-off/ disposals/ adjustments		(8,683,683)	-	(8,683,683)
Balance at 31 December 2021		1,484,261,929	-	1,484,261,929
Balance at 1 January 2022		**1,484,261,929**	-	**1,484,261,929**
Amortisation	*26.1*	**807,540,749**	-	**807,540,749**
Write-off/ disposals/ adjustments		-	-	-
Balance at 31 December 2022		**2,291,802,678**	-	**2,291,802,678**
Carrying amounts				
At 1 January 2021		1,106,755,269	180,056,915	1,286,812,184
At 31 December 2021		2,365,010,186	195,621,327	2,560,631,513
At 31 December 2022		**2,410,218,350**	**200,451,689**	**2,610,670,039**

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7 Deferred tax assets/(liabilities)

See the accounting policy in Note 36F

In Taka	2022	2021
Balance at 1 January	877,822,622	482,538,139
Deferred tax income for the year	149,132,741	395,284,483
Balance at 31 December	1,026,955,363	877,822,622

In Taka	Carrying amount on reporting date	Tax base	Taxable/ (deductible) temporary difference
At 31 December 2022			
Property, plant and equipment	2,588,724,827	2,191,087,155	397,637,672
Intangible assets	2,410,218,350	1,130,573,813	1,279,644,537
Unabsorbed tax loss	-	4,695,379,982	(4,695,379,982)
Lease liabilities	(580,437,499)	-	(580,437,499)
Defined benefit plan - gratuity	(135,847,865)	-	(135,847,865)
Taxable/(deductible) temporary differences	4,282,657,813	8,017,040,950	(3,734,383,137)
Applicable tax rate			27.5%
Deferred tax assets/(liabilities)			1,026,955,363
At 31 December 2021			
Property, plant and equipment	2,428,671,897	2,073,800,144	354,871,753
Intangible assets	2,365,010,186	1,298,057,067	1,066,953,119
Unabsorbed tax loss	-	3,824,695,567	(3,824,695,567)
Lease liabilities	(450,963,678)	-	(450,963,678)
Defined benefit plan - gratuity	(72,241,033)	-	(72,241,033)
Taxable/(deductible) temporary differences	4,270,477,372	7,196,552,778	(2,926,075,406)
Applicable tax rate			30.0%
Deferred tax assets/(liabilities)			877,822,622

8 Investment in government securities

See the accounting policy in Note 36I

In Taka	2022	2021
Investment in government securities	4,671,614,861	-
	4,671,614,861	-

Investment in government securities represents investment in government bonds with a maturity period of more than 12 months.

9 Operational and other receivables

See the accounting policy in Note 36I

In Taka	2022	2021
Operational receivables		
Accrued interest on trust cum settlement accounts and others	1,756,355,771	2,082,377,240
Other receivables		
Accrued interest on securities and other deposits	277,293,170	19,610,235
	2,033,648,941	2,101,987,475

Operational receivables include accrued interest from trust cum settlement account and investments and service fees from regular transactions that are yet to be realised in cash.

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Notes to the financial statements (Continued)

10 Advances, deposits and prepayments

See the accounting policy in Note 36I

In Taka	*Note*	2022	2021
Advances			
Employees		**15,164,464**	13,370,467
Suppliers		**327,400,000**	384,059,618
Rent		**-**	700,038
		342,564,464	398,130,123
Deposits			
Security deposits		**530,000**	530,000
		530,000	530,000
Prepayments			
Expenses and capital expenditures		**334,224,255**	162,288,267
Deferred commission	*10.1*	**202,553,225**	167,417,593
		536,777,480	329,705,860
		879,871,944	728,365,983

10.1 Deferred commission represents commission paid to agents for performing cash in transactions for which revenue will be generated in the next financial period(s).

11 Contract assets

See the accounting policy in Note 36B

In Taka	2022	2021
Balance at 1 January	**1,130,981,177**	939,833,410
Addition during the year	**518,504,532**	655,406,280
Charged off during the year	**(553,961,861)**	(464,258,513)
Balance at 31 December	**1,095,523,848**	1,130,981,177

The contract assets represent unamortised customer acquisition costs in the form of commissions and other directly attributable costs e.g. National ID verification, Know Your Customer (KYC) data entry, cash back, campaign charges etc.

12 Current tax assets

See the accounting policy in Note 36F

In Taka		2022	2021
Advance income tax	*12.1*	**2,413,300,468**	1,542,906,955
Provision for tax	*12.2*	**(1,294,882,262)**	(891,428,384)
		1,118,418,206	651,478,571

12.1 Advance income tax

In Taka	2022	2021
Balance at 1 January	**1,542,906,955**	1,490,029,293
Deposits including deductions at source	**870,393,513**	450,837,404
Adjustments	**-**	(397,959,742)
Balance at 31 December	**2,413,300,468**	1,542,906,955

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Notes to the financial statements (Continued)

12.2 Provision for tax

In Taka	*Note*	2022	2021
Balance at 1 January		891,428,384	1,158,301,526
Provision made during the year	29	403,453,878	237,585,875
Adjustments		-	(504,459,017)
Balance at 31 December		**1,294,882,262**	891,428,384

The Company believes that its accruals for tax liabilities are adequate for all open years based on its assessment of many factors including interpretation of tax laws and prior experiences.

13 Airtime in circulation

In Taka	2022	2021
Airtime in circulation	1,823,331,600	862,765,288
	1,823,331,600	862,765,288

Airtime in circulation represents unsold amount of mobile airtime purchased from different Mobile Network Operators (MNOs) and airtime proceeds in transit. Airtime in circulation is recorded at face value and has no expiry date. Airtime proceeds in transit represents e-money in the process of being realised in the form of cash against sold airtime.

14 Trust cum settlement account and investments

See the accounting policy in Note 36I

In Taka	2022	2021
Trust cum settlement account	22,519,260,115	41,686,697,457
Investment in treasury bills and bonds	46,009,723,952	16,946,844,657
	68,528,984,067	58,633,542,114

Trust cum settlement account represents balances with different commercial banks in the form of cash and Fixed Deposit Receipts (FDR) against e-money issued to customers, channel partners, merchants etc.

As per Bangladesh Mobile Financial Services (MFS) Regulations, 2022 issued by Bangladesh Bank, aggregate of virtual balances (e-money) in all MFS accounts must at the end of each day be in agreement with or be less than the total real cash balances in nominated trust cum settlement account of the MFS provider and invested amount in government securities.

15 Investment in fixed deposits

See the accounting policy in Note 36I

In Taka	2022	2021
Investment in fixed deposits	13,094,575,827	18,213,467,327
	13,094,575,827	18,213,467,327

Investment in fixed deposits represents cash balance invested in different banks in the form of fixed deposits with a maturity period of more than 3 months but less than 12 months.

16 Cash and cash equivalents

See the accounting policy in Note 36I

In Taka	2022	2021
Cash in hand and digital wallet	94,390,788	781,397,860
Cash at banks	5,776,604,491	5,395,460,024
	5,870,995,279	6,176,857,884

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17 Ordinary shares

See the accounting policy in Note 36J

In Taka	No. of shares 2022	No. of shares 2021	Amount in BDT 2022	Amount in BDT 2021
Authorised				
Authorised (par value of Tk. 100 each)	**4,700,000**	4,700,000	**470,000,000**	470,000,000
Paid up				
Ordinary shares (par value of Tk. 100 each)	**381,949**	381,949	**38,194,900**	38,194,900

Percentage of shareholdings

In Taka	No. of shares	%	2022	2021
BRAC Bank Ltd.	**194,800**	**51.00%**	**19,480,000**	19,480,000
Money in Motion LLC, USA	**62,849**	**16.45%**	**6,284,900**	6,284,900
International Finance Corporation	**39,586**	**10.36%**	**3,958,600**	3,958,600
Alipay Singapore E-Commerce Private Limited	**56,799**	**14.87%**	**5,679,900**	5,679,900
SVF II BEAM (DE) LLC	**27,915**	**7.32%**	**2,791,500**	2,791,500
	381,949	**100%**	**38,194,900**	38,194,900

18 Preference shares

See the accounting policy in Note 36J

In Taka	No. of shares 2022	No. of shares 2021	Amount in BDT 2022	Amount in BDT 2021
Authorised				
Authorised (par value of Tk. 100 each)	**300,000**	300,000	**30,000,000**	30,000,000

Paid up			2022	2021
Bill & Melinda Gates Foundation	**22,525**	22,525	**2,252,500**	2,252,500
Alipay Singapore E-Commerce Private Limited	**55,433**	55,433	**5,543,300**	5,543,300
SVF II BEAM (DE) LLC	**85,146**	85,146	**8,514,600**	8,514,600
	163,104	163,104	**16,310,400**	16,310,400

The above preference shares are non-voting, non-cumulative in nature and are convertible to ordinary shares (on a 1:1 basis) at the option of the holders, subject to compliance with the shareholders agreements and relevant laws and regulations.

19 Lease liabilities

See the accounting policy in Note 36M

In Taka	2022	2021
Lease liabilities - non current	**413,273,174**	352,785,706
Lease liabilities - current	**183,398,957**	125,257,891
	596,672,131	478,043,597

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20 Defined benefit plan - gratuity

See the accounting policy in Note 36D(iii)

In Taka	*Note*	2022	2021
Balance at 1 January		72,241,033	299,192,243
Provision made during the year	*20.4*	135,847,865	72,241,033
Transferred to Gratuity Fund		(72,241,033)	(299,192,243)
Balance at 31 December		135,847,865	72,241,033

20.1 Change in defined benefit obligation

In Taka	2022	2021
Defined benefit obligation at end of prior year	689,584,458	620,393,120
Current service cost	137,605,560	150,897,603
Interest expense	49,047,775	36,383,858
Benefit payments from plan assets	(26,589,751)	(10,519,800)
(Gains)/losses on remeasurement	(8,748,519)	(107,570,323)
Defined benefit obligation at end of year	840,899,523	689,584,458

20.2 Change in fair value of plan assets

In Taka	2022	2021
Fair value of plan assets at end of prior year	617,343,425	321,200,877
Interest income	46,385,693	27,408,091
Employer contributions paid into the plan	72,241,033	299,192,243
Benefit payments from plan assets	(26,589,751)	(10,519,800)
Gains/(losses) on remeasurement	(4,328,742)	(19,937,986)
Fair value of plan assets at end of year	705,051,658	617,343,425

20.3 Amounts recognized in the statement of financial position

In Taka	2022	2021
Defined benefit obligation	840,899,523	689,584,458
Fair value of plan assets	(705,051,658)	(617,343,425)
Net defined benefit liability (asset)	135,847,865	72,241,033

20.4 Provision made during the year

In Taka	2022	2021
Profit or loss		
Current service cost	137,605,560	150,897,603
Interest accrued on defined benefit obligation	49,047,775	36,383,858
Interest (income) on plan assets	(46,385,693)	(27,408,091)
	140,267,642	159,873,370
Other comprehensive (income)/expense		
(Gain)/ loss on remeasurement of defined benefit obligation	(8,748,519)	(107,570,323)
(Gain)/ loss on remeasurement of plan assets	4,328,742	19,937,986
	(4,419,777)	(87,632,337)
	135,847,865	72,241,033

20.5 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	2022	2021
Discount rate	8.18%	7.37%
Attrition rate	12.00%	12.00%
Salary escalation rate	10.00%	10.00%

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21 e-money in circulation

See the accounting policy in Note 36I

In Taka	2022	2021
Customer e-money	**53,716,943,769**	44,642,128,260
Channel e-money	**13,152,427,491**	12,703,212,774
Deposit in transit	**1,435,428,659**	1,188,098,052
	68,304,799,919	58,533,439,086

Customer e-money represent the balance maintained by customers in their mobile phone in the form of e-money.

Channel e-money represents the balance maintained by agents, distributors and merchants in their mobile phone in the form of e-money.

Deposit in transit represents the balance to be transferred from trust cum settlement accounts to operational accounts against ATM cash out, sold airtime top up and requested inward remittance.

22 Operational and other payables

See the accounting policy in Note 36I

In Taka	*Note*	2022	2021
Operational payables	*22.1*	**1,620,231,999**	1,151,113,452
Other payables (current liability)	*22.2*	**1,051,437,716**	997,035,701
Unearned revenue (current liability)	*22.3*	**5,869,002**	50,650,520
		2,677,538,717	2,198,799,673

22.1 Operational payables

	2022	2021
Current portion	**883,349,856**	342,155,918
Non-current portion	**736,882,143**	808,957,534
	1,620,231,999	1,151,113,452

22.2 Other payables

In Taka	2022	2021
Value added tax payable	**434,112,483**	368,541,303
Withholding tax payable	**273,665,268**	292,921,379
Interest payable to customers	**114,978,702**	233,175,406
Security deposits and other payables	**228,681,263**	102,397,613
	1,051,437,716	997,035,701

22.3 This represents the unearned commission on unsold portion of purchased mobile airtime from different Mobile Network Operators (MNOs).

23 Accrued expenses

See the accounting policy in Note 36I

In Taka	2022	2021
Channel partner commission and service charges	**733,060,352**	551,194,089
Capital expenditure	**33,288,619**	56,941,379
Employee benefits	**783,460,883**	504,408,748
Other commercial and administrative accruals	**1,717,410,922**	1,694,698,995
	3,267,220,776	2,807,243,211

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Notes to the financial statements (Continued)

24 Revenue

See the accounting policy in Note 36A

In Taka	*Note*	2022	2021
Cash out and others	*24.1*	**33,770,090,336**	27,953,952,732
Airtime commission	*24.1*	**808,488,643**	553,575,195
Return on trust cum settlement accounts		**4,524,409,072**	3,455,264,219
		39,102,988,051	31,962,792,146
VAT		**(4,794,905,350)**	(4,017,564,204)
		34,308,082,701	27,945,227,942

24.1 In line with IFRS 15 Revenue from Contract with Customers, revenues are measured net of any amount payable to customers in the form of refund/reimbursement of fees/service charges, cashback, coupon or otherwise, unless bKash receives specific goods or services in exchange for such amount.

25 Cost of services

In Taka	*Note*	2022	2021
Channel commission		**22,274,518,361**	18,661,933,620
Mobile Network Operators service charges		**2,367,893,357**	2,233,121,264
Interest and others	*25.1*	**289,043,233**	412,015,502
		24,931,454,951	21,307,070,386

25.1 This includes interest paid to customers as per directives issued by Bangladesh Bank.

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26 Operating and administrative expenses

In Taka	*Note*	2022	2021
Salary and allowances		**3,631,298,283**	2,983,776,070
Depreciation and amortisation	*26.1*	**1,663,894,130**	1,254,166,201
IT enabled services		**1,133,672,033**	910,496,122
Rent expenses	*26.2*	**35,726,637**	38,611,250
Office maintenance expenses		**148,740,025**	110,343,831
Professional fees		**97,480,916**	70,090,961
Travelling expenses	*26.3*	**144,190,588**	129,389,390
Loss on disposal		**634,244**	1,808,052
Entertainment		**196,743**	259,404
Bank charges		**11,465,389**	11,318,313
Vehicle rental expense		**182,390,477**	156,078,426
Other operating and administrative expenses	26.4	**288,180,872**	193,083,569
		7,337,870,337	5,859,421,589

26.1 Depreciation and amortisation

In Taka	*Note*	2022	2021
Property, plant and equipment	*5*	**856,353,381**	679,564,157
Intangible assets	*6*	**807,540,749**	574,602,044
		1,663,894,130	1,254,166,201

Depreciation for property, plant and equipment includes BDT 205,596,875 (2021: BDT 171,803,773) relating to depreciation of leased premises as per IFRS 16 Leases.

26.2 Rent expenses

Rent against all office locations are accounted for as right-of-use asset under IFRS 16 Leases, unless made against low value contracts or short term leases (i.e. leases having tenure of 12 months or less) for office locations. Contractual rent payment for premises capitalised as right-of-use asset for 2022 amounted to BDT 232,912,895 (2021: BDT 216,205,684).

Payments against service contracts, low value or short term leases were charged off as rent expense.

26.3 Travelling expenses

In Taka	2022	2021
Travelling expenses - overseas	**12,497,216**	285,370
Travelling expenses - local	**131,693,372**	129,104,020
	144,190,588	129,389,390

26.4 Other operating and administrative expenses includes insurance, training workshop, realised foreign currency gain/ losses on account of foreign currency payments and receipts.

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27 Commercial expenses

In Taka	2022	2021
Subscriber acquisition charges	**503,947,668**	416,332,485
Advertisement	**930,788,986**	812,676,758
Campaign charges	**243,875,432**	415,292,710
Point of sale material	**460,980,048**	265,462,221
Field force cost	**338,371,177**	220,173,289
Other commercial expenses	**327,352,277**	243,020,351
	2,805,315,588	2,372,957,814

28 Net finance income

See the accounting policy in Note 36E

In Taka	2022	2021
Interest on securities and bank balances	**1,366,800,299**	152,418,041
Interest on lease and others	**(152,644,822)**	(82,884,520)
	1,214,155,477	69,533,521

Interest on lease and others includes BDT 52,949,533 (2021: BDT 45,509,120) relating to leased premises as per IFRS 16 *Leases*.

29 Income tax expense/(income)

See the accounting policy in Note 36F

In Taka	*Note*	2022	2021
Current tax expense		**403,453,878**	237,585,875
Adjustment for completion of assessment		**-**	(106,499,274)
		403,453,878	131,086,601
Deferred tax income	*29.1*	**(150,348,180)**	(421,574,184)
		253,105,698	(290,487,583)

29.1 Deferred tax income

In Taka	2022	2021
Deferred tax asset/(liabilities) at the beginning of the year	**877,822,622**	482,538,139
Less: Deferred tax asset at the end of the year	**1,026,955,363**	877,822,622
	(149,132,741)	(395,284,483)
Deferred tax attributable to actuarial loss recognised directly in equity	**(1,215,439)**	(26,289,701)
Deferred tax income recognised directly in profit/(loss)	**(150,348,180)**	(421,574,184)

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30 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk (see (ii))
- Liquidity risk (see (iii))
- Market risk (see (iv))

(i) Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are 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 and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The balances maintained with different bank represents most significant source of credit risk for the Company.

(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 as follows:

		Carrying amount	
In Taka	*Note*	2022	2021
Operational and other receivables	9	**2,033,648,941**	2,101,987,475
Security deposits	10	**530,000**	530,000
Trust cum settlement account and investments	14	**68,528,984,067**	58,633,542,114
Investment in fixed deposits	15	**13,094,575,827**	18,213,467,327
Cash at banks	16	**5,776,604,491**	5,395,460,024
		89,434,343,326	84,344,986,940

(b) Aging of operational and other receivables

At 31 December, the aging of operational and other receivables that were not impaired was as follows:

		Carrying amount	
In Taka	*Note*	2022	2021
Neither past due nor impaired	9	**2,033,648,941**	2,101,987,475
Past due 1 - 30 days		-	-
Past due 31 - 90 days		-	-
Past due 91 - 120 days		-	-
Past due 121 - 360 days		-	-
Past due 360 + days		-	-
		2,033,648,941	2,101,987,475

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents and other investments at amounts in excess of expected cash outflows on financial liabilities. The Company also monitors the level of expected cash inflows on operational and other receivables together with expected cash outflows on operational and other payables.

Exposure to liquidity risk

The followings are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

31 December 2022			Contractual cash flows					
In Taka	*Note*	Carrying amount	Total	2 months or less	2-12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities								
Defined benefit plan - gratuity	*20*	135,847,865	135,847,865	-	135,847,865	-	-	-
e-money in circulation	*21*	68,304,799,919	68,304,799,919	68,304,799,919	-	-	-	-
Operational and other payables	*22*	2,677,538,717	2,677,538,717	1,609,433,801	378,371,862	361,845,000	327,888,054	-
Lease liabilities	*19*	596,672,131	596,672,131	28,840,359	150,637,225	184,949,138	232,245,409	-
Accrued expenses	*23*	3,267,220,776	3,267,220,776	1,895,397,148	1,333,193,525	19,315,052	19,315,051	-
		74,982,079,408	74,982,079,408	71,838,471,227	1,998,050,477	566,109,190	579,448,514	-
Derivative financial liabilities		-	-	-	-	-	-	-
		74,982,079,408	74,982,079,408	71,838,471,227	1,998,050,477	566,109,190	579,448,514	-

31 December 2021			Contractual cash flows					
In Taka	*Note*	Carrying amount	Total	2 months or less	2-12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities								
Defined benefit plan - gratuity	*20*	72,241,033	72,241,033	-	72,241,033	-	-	-
e-money in circulation	*21*	58,533,439,086	58,533,439,086	58,533,439,086	-	-	-	-
Operational and other payables	*22*	2,198,799,673	2,198,799,673	1,098,074,167	273,156,506	259,427,884	568,141,116	-
Lease liabilities	*19*	478,043,597	478,043,597	23,581,518	106,025,882	143,887,677	204,548,520	-
Accrued expenses	*23*	2,807,243,211	2,807,243,211	1,056,201,052	1,751,042,159			-
		64,089,766,600	64,089,766,600	60,711,295,823	2,202,465,580	403,315,561	772,689,636	-
Derivative financial liabilities		-	-	-	-	-	-	-
		64,089,766,600	64,089,766,600	60,711,295,823	2,202,465,580	403,315,561	772,689,636	-

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(iv) 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, while optimising the return.

a) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases are denominated and the functional currency of the Company. The functional currency of the Company is Bangladeshi Taka (Taka/TK/BDT). The foreign currency in which these transactions are denominated is US Dollar (USD).

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as at balance sheet date is as follows:

In USD	*Note*	2022	2021
Foreign currency denominated liabilities			
Current liabilities		**2,036,323**	1,391,431
Other non-current liabilities	*22*	**85,220**	91,029
Net exposure		**2,121,543**	1,482,460

The following significant exchange rates have been applied during the year:

	Average rate		Year-end spot rate	
In Taka	2022	2021	2022	2021
USD	**93.93**	85.10	**102.72**	85.80

Sensitivity analysis

A reasonably possible strengthening/(weakening) of foreign currency against functional currency at the reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignore any impact of forecasted sales and purchase.

	Profit/(loss)		Equity, net of tax increase/(decrease)	
Effect in Taka	Strengthening	Weakening	Strengthening	Weakening
31 December 2022				
USD (5% movement)	**(10,896,245)**	**10,896,245**	**(10,896,245)**	**10,896,245**
31 December 2021				
USD (5% movement)	(6,359,753)	6,359,753	(6,359,753)	6,359,753

b) Interest rate risk

This risk arises due to changes in interest rates on different interest-bearing instruments.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as at statement of financial position date is as follows:

		Nominal Amount	
In Taka	*Note*	2022	2021
Fixed rate instruments			
Financial assets			
Fixed deposits	*14,15 & 16*	**27,594,575,827**	51,813,467,327
Investment in treasury bills and bonds	*8 & 14*	**50,681,338,813**	16,946,844,657
Financial liabilities		**-**	-
		78,275,914,640	68,760,311,984
Variable rate instruments			
Financial assets			
Cash at banks	*14 & 16*	**13,795,864,607**	13,482,157,481
Financial liabilities			
Lease liabilities	*19*	**(596,672,131)**	(478,083,597)
		13,199,192,476	13,004,073,884

v) Financial instruments - fair values and risk management

Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2022

		Carrying amount						
In Taka	*Note*	Fair value-hedging instruments	FVTPL – others	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Operational and other receivables	*9*	-	-	-	-	2,033,648,941	-	2,033,648,941
Security deposits	*10*	-	-	-	-	530,000	-	530,000
Cash at banks	*14 & 16*	-	-	-	-	13,795,864,607	-	13,795,864,607
Investment in treasury bills and bonds	*8 & 14*	-	-	-	-	50,681,338,813	-	50,681,338,813
Fixed deposits	*14,15 & 16*	-	-	-	-	27,594,575,827	-	27,594,575,827
		-	-	-	-	94,105,958,188	-	94,105,958,188
Financial liabilities measured at fair value		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
e-money in circulation	*21*	-	-	-	-	-	68,304,799,919	68,304,799,919
Operational and other payables	*22*	-	-	-	-	-	2,677,538,717	2,677,538,717
Lease liabilities	*19*	-	-	-	-	-	596,672,131	596,672,131
Accrued expenses	*23*	-	-	-	-	-	3,267,220,776	3,267,220,776
		-	-	-	-	-	74,846,231,543	74,846,231,543

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31 December 2021

		Carrying amount						
In Taka	*Note*	Fair value- hedging instruments	FVTPL – others	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Operational and other receivables	*9*	-	-	-	-	2,101,987,475	-	2,101,987,475
Security deposits	*10*	-	-	-	-	530,000	-	530,000
Cash at banks	*14 & 16*	-	-	-	-	13,482,157,481	-	13,482,157,481
Investment in treasury bills and bonds	*8 & 14*	-	-	-	-	16,946,844,657	-	16,946,844,657
Fixed deposits	*14,15 & 16*	-	-	-	-	51,813,467,327	-	51,813,467,327
		-	-	-	-	84,344,986,940	-	84,344,986,940
Financial liabilities measured at fair value		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
e-money in circulation	21	-	-	-	-	-	58,533,439,086	58,533,439,086
Operational and other payables	22	-	-	-	-	-	2,198,799,673	2,198,799,673
Lease liabilities	19	-	-	-	-	-	478,043,597	478,043,597
Accrued expenses	23	-	-	-	-	-	2,807,243,211	2,807,243,211
		-	-	-	-	-	64,017,525,567	64,017,525,567

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31 Commitments

As at 31 December 2022, the Company is committed to incur capital expenditure of BDT 876 million (31 December 2021: BDT 156 million).

32 Contingencies

See accounting policy in Note 36P

a) Demand guarantee

The Company has demand guarantees of BDT 194.58 million issued by Jamuna Bank Limited, NCC Bank Limited, Mercantile Bank Limited and Trust Bank Limited as performance security for different projects.

33 Related parties

a) Parent and ultimate controlling party

BRAC Bank Limited is the parent and ultimate controlling party of the Company by virtue of holding 51% voting shares along with majority representation on the Board of Directors.

b) Transactions with key management personnel

(i) Loans to directors

During the year, no loan was given to the directors of the Company.

(ii) Key management personnel compensation

Key management personnel compensation comprised the following:

In Taka	2022	2021
Board meeting attendance fee	**1,499,476**	1,370,868

Company's key management personnel includes the Company's directors. No compensation other than board meeting attendance fee is given to them.

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(c) Other related party transactions

In Taka	Transaction values for the year ended 31 December 2022	Transaction values for the year ended 31 December 2021	Balance outstanding as at 31 December 2022	Balance outstanding as at 31 December 2021
Purchase of services and supplies				
Parent and ultimate controlling party				
BRAC Bank Limited - Bank charge, ATM cashout, iBanking and other charge	**(29,316,851)**	(21,945,293)	**(2,657,001)**	(2,315,211)
Entities with significant influence				
Alipay Singapore E-Commerce Private Limited - Nano loan procession fee	**(1,110,033)**	(486,603)	**(1,596,636)**	(486,603)
Money in Motion LLC, USA - Other payables	**-**	-	**(6,689,770)**	(7,145,802)
Others				
Zoloz Pte. Ltd. - Software license, implementation and maintenance charges	**(7,715,025)**	(18,662,290)	**(47,042,993)**	(55,139,870)
BRAC & its subsidiaries - Commission expense	**-**	(12,720)	**(12,000)**	(12,000)
Income from services				
Parent and ultimate controlling party				
BRAC Bank Limited - Interest income and others	**575,592,601**	133,125,028	**68,908,939**	4,408,557
Others				
BRAC & its subsidiaries - Service fee	**1,408,260,934**	2,092,950,051	**-**	-

34 Other disclosures

34.1 Number of employees

As at 31 December 2022, number of regular employees receiving remuneration of Taka 36,000 or above per annum was 1,310 (31 December 2021: 1,207).

34.2 Comparatives

Previous year's figures have been rearranged, wherever considered necessary to conform with the current year's presentation.

34.3 Leases

A Leases as lessee (IFRS 16)

The Company leases a number of offices and warehouse facilities. The leases typically run for a period of 3-6 years, with an option to renew the lease after that date. Lease payments are adjusted at predetermined intervals. For certain leases, the Company is restricted from entering into any sub-lease arrangements. The Company also leases a number of motor vehicles.

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Information about leases for which the Company is a lessee is presented below.

i) Amounts recognised in profit or loss

In Taka	2022	2021
Interest on lease	**54,998,770**	48,454,275
Depreciation on leased asset	**215,886,664**	181,533,567
	270,885,434	229,987,842

ii) Amounts recognised in statement of cash flows

In Taka	2022	2021
Total cash outflow for leases	**(214,568,552)**	(231,462,481)

34.4 Revenue: Refund/reimbursement of fees, etc. to customers

Below is the detail of refund/reimbursement of fees, etc. against actual or impending transactions during the year.

In Taka	2022	2021
Refund/reimbursement, reflected in measurement of revenue (see note 24.1)	**3,573,796,189**	3,427,667,733
Refund of/prefunding of fees charged off as cash back expense (see note 27)	**115,841,698**	72,742,135

34.5 Subsequent events

No material events had occurred after the reporting date to the date of issue of these financial statements, which could affect the values stated in the financial statements.

35 Basis of measurement

The financial statements have been prepared on going concern basis under the historical cost convention except for defined benefit liability which is measured at present value of defined benefit obligation as described in Note 36D(iii).

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36 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Certain comparative amounts in the statement of financial position and statement of profit or loss and other comprehensive income have been reclassified/represented during the current year for better presentation.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow:

A Revenue

Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a good or service to a customer.

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (e.g. VAT). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. When determining the transaction price, the Company considers the effect of any variable consideration, the existence of a significant financing component in the contract and any consideration payable to a customer. The Company accounts for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity.

Nature of goods and services

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

(a) Cash out and others: Revenue from cash out and others include service charge earned from cash out/e-money settlement, Person to Person (P2P) balance transfer, bill payment by customer and commission earned from banks against inward remittance.

The Company charges its customers a fixed rate of cash out/settlement fee at the time the customer redeems cash at agent point, ATM booth or through transfer to bank by surrendering e-money from his/her wallet. Revenue from cash out/settlement is recognised at the time electronic money is surrendered against cash.

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The Company also charges fixed amount of fees to customer at the time of e-money transfer from one personal wallet to another wallet or payment of utility bills and various fees using bKash wallet. The Company also earns fixed fee from partner banks for each inward remittance. Revenue from these transactions is recognised at the time customers perform such transactions.

(b) Return on trust cum settlement account: This represents earnings generated from deposit of real money raised from customers against issuance of e-money. Such real money is invested in various forms through trust cum settlement account in line with the provisions of Bangladesh Mobile Financial Services (MFS) Regulations 2022 and PSP license issued by Bangladesh Bank. Earnings from this investment is recognised over a period of time based on effective rate of return.

Circulation of e-money through customer wallets and efficient utilisation of underlying physical cash essentially represents the essence of mobile financial service business. Accordingly, income generated from investments through trust cum settlement accounts constitute revenue earned through ordinary course of business for bKash.

As per directives issued by Bangladesh Bank, the Company has to pay interest to its customers against wallet balance which is considered as a direct cost for return on trust cum settlement account.

(c) Airtime commission: The Company receives upfront commission against airtime purchased from Mobile Network Operators (MNOs). Commission on airtime is recognised as revenue when a customer purchases mobile airtime using bKash wallet. Commission received against unsold airtime balance is recognised as unearned revenue (contract liability).

B Contract assets

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

Contract costs are capitalised as assets and recognised in profit or loss in a way that is consistent with the transfer of the related goods and services. Customer acquisition costs for the Company include commissions and other directly attributable costs related to acquisition of customers.

Management expects that customer acquisition costs are recoverable over average expected lifetime of the customer i.e. four years.

C Foreign currency

Transactions in foreign currencies are translated to the functional currencies at an exchange rate prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transactions.

D Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans - provident fund

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company has started to maintain a Provident Fund as defined contribution plan from April 2014 for its eligible permanent employees. All permanent employees contribute at the rate of 10% of their basic salary to the provident fund and the Company also makes equal contribution. The fund is duly recognised by the National Board of Revenue (NBR) and operated by an independent trustee board.

(iii) Defined benefit plan - gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Remeasurements of the net defined benefit liability which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Employees' Gratuity fund is being considered as a defined benefit plan as it meets the recognition criteria. The Company operates a gratuity scheme from 2015 for its permanent employees. Employees are entitled to gratuity benefit after completion of minimum five years of service with the Company. The fund is duly recognised by the National Board of Revenue (NBR) and operated by an independent trustee board.

(iv) Workers' Profit Participation Fund (WPPF)

The Company operates funds for beneficiaries as 'Workers' Profit participation Fund' and 5% of the profit before charging such expense have been transferred to this fund as per section 234 of the Labour Act 2006 (amended in 2013).

(v) Share-based payment arrangements

The Company recognises the goods or services received or acquired in a share-based payment transaction when it obtains the goods or the services are received. The Company recognises a corresponding increase in equity if the goods or services were received in an equity-settled share-based payment transaction, or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

Equity-settled share-based payment transactions with employees require indirect measurement and each ordinary equity instrument granted is measured on its grant date. The impacts of any market conditions and non-vesting conditions are reflected in the grant-date fair value of each equity instrument. Any service or non-market performance condition is not reflected in the grant-date fair value of the share-based payment. Instead, an estimate is made of the number of equity instruments for which the service and non-market performance conditions are expected to be satisfied.

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Under the Board approved Employee Share Option Plan, the company is supposed to issue Share Option Rights (SORs) to employee. The SORs are exercisable though a trust subject to terms and conditions of plan, at a price equal to fair market value of ordinary shares (on a fully diluted basis) determined by an independent valuer on grant date. ESOP share are convertible (at the option of the company), non-voting, non-transferable and non-redeemable preference shares with no dividend rights. As ESOP shares are not traded in the market, valuation of the SOR is performed by independent valuer considering relevant facts and circumstances. Based on the valuation performed by independent valuer, fair value of the SORs was insignificant on grant date.

E Finance income

Finance income includes mainly interest on deposits with banks. Finance income is recognised on accrual basis and presented net of finance cost. The Company's finance cost includes interest expense on lease which is recognised at amortised cost.

F Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI (other comprehensive income).

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. The Company files its tax return on the basis of a private limited company, as such the applicable tax rate for the Company is currently 27.5% as per Finance Act 2022 and Income Tax Ordinance 1984 (2021: 30%).

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improve.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

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G Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of assets. 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 assets to the location and condition necessary for it to be capable of operating in the intended manner. Work in progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use which is measured at cost.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

For addition of property, plant and equipment, depreciation is charged from the month following the month of capitalisation and full month depreciation is charged in the month of disposal.

The estimated useful lives of property, plant and equipment are as follows:

Category	In Years
Office furniture	5
Office equipment	5
IT equipment	5
Laptop & computer	3.5 - 4.5
Motor vehicles	5
Leasehold improvements	5
Motor vehicles- Leased	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Impairment

The carrying amount of the Company's non-financial assets, other than deferred tax assets (considered as disclosed separately under respective accounting standards) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

However, no such conditions that might be suggestive of a heightened risk of impairment of property, plant and equipment existed at the reporting date.

(v) Retirement and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset in profit or loss.

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H Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Work-in-progress represents the cost incurred for acquisition and/or construction of items of intangible assets that are not ready for use which is measured at cost.

Expenditure on the research phase of projects to develop new customised software is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:
- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Company intends to and has sufficient resources to complete the project
- the Company has the ability to use or sell the software
- the software will generate probable future economic benefits.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, from the date that they are available for use, and is generally recognised in profit or loss.

The estimated useful life of software is up to 5 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

I Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

At initial recognition a financial instrument is measured at fair value including transaction costs unless the financial instrument is carried at FVTPL, in which case the transaction costs are immediately recognised in profit or loss.

(i) Financial assets

Under IFRS 9, on initial recognition, a financial asset is classified and measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Classification

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

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

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

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The Company's financial assets measured at amortised cost comprise operational and other receivables, security deposits, cash at banks, government securities, and fixed deposits etc.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus/(minus), in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement

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

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

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

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

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

Derecognition
The Company derecognises a financial asset when, and only when:
a) the contractual rights to the cash flows from the financial asset expire, or
b) it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities

The Company initially recognises financial liabilities on the transaction date at which the Company becomes a party to the contractual provisions of the liability. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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The Company recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying benefits.

Classification
- Financial liabilities at amortised cost; or
- Financial liabilities as at fair value through profit or loss (FVTPL).

Subsequent measurement
For the purpose of subsequent measurement, financial liabilities are either measured at amortised cost or at FVTPL.

The Company's financial liabilities comprise deposits, defined benefit plan, lease, operational and other payables, grant funds, other non-current liabilities and accrued expenses.

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for:

a) financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value
b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies
c) financial guarantee contracts
d) commitments to provide a loan at a below-market interest rate
e) contingent consideration

Offsetting a financial asset and a financial liability
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

J Share capital

Incremental costs directly attributable to the issue of shares, net of any tax effects, are recognised as a deduction from equity.

K Impairment

Financial assets

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

The financial assets at amortised cost consist of operational receivables, security deposits, cash and cash equivalents and investment in treasury bills and bonds. The Company measures loss allowances at an amount equal to ECL from operational receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company uses a simplified "provision matrix" for calculating expected losses as a practical expedient (e.g., for operational receivables), if consistent with the general principles for measuring expected losses. The provision matrix is based on the Company's historical default rates over the expected life of the operational receivables and is adjusted for forward-looking estimates.

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 realising security (if any is held).

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Measurement of Expected Credit Losses (ECL)

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

While measuring credit loss, the Company considers the maximum contractual period it is exposed to credit risk and considers the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Non-financial assets
At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash-Generating Units (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

L Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of 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 obligation in compliance with IAS 37: *Provisions, Contingent Liabilities and Contingent Assets.*

M Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the initial application date (for contracts entered into before 1 January 2019) or commencement date (for contracts entered into after 1 January 2019). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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The right-of-use asset is subsequently depreciated using the straight-line method from the initial application date (for contracts entered into before 1 January 2019) or commencement date (for contracts entered into after 1 January 2019) to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the initial application date (for contracts entered into before 1 January 2019) or commencement date (for contracts entered into after 1 January 2019), discounted at the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability include fixed payments as per the contracts.

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

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

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

N Capital reserve

The Bangladesh Mobile Financial Services (MFS) Regulations, 2022 requires subsidiary model based MFS providers to build up a capital reserve equal to the amount of minimum paid up capital (Taka 450 million) from retained earnings, at a rate not less than ten percent of annual after tax profits.

O Going concern

As part of its overall business plan, the Company continues to engage in extensive business development activities which has resulted in operating losses over the past couple of years culminating in negative retained earnings as at the reporting date.

Given the Company's business plan and the availability of adequate resources to continue operation and to meet financial commitments as they fall due for the foreseeable future, the management continues to adopt going concern basis in preparing the financial statements.

P Contingencies

Contingent liability

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 entity.

The Company discloses contingent liability in the financial statements. A provision is recognised in the period in which the recognition criteria of provision is met.

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Contingent asset

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 entity.

The Company does not recognise contingent assets. Only when the realisation of the related economic benefits are visually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

Q Statement of cash flows

Statement of cash flows have been prepared in accordance with the IAS 7: *Statement of Cash Flows* under direct method.

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.

Investing activities relate to the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

Investments that are held for the purpose of meeting short-term cash commitments, are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value are accounted for as cash equivalents.

R Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

S Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

37 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following new and amended standards are not expected to have a significant impact on the Company's financial statements:

a) Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
b) Classification of liabilities as current and non-current (Amendments to IAS 1)
c) Other standards
— IFRS 17 Insurance Contracts.
— Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
— Definition of Accounting Estimates (Amendments to IAS 8).

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