

**bKash Limited**

Auditor's report and financial statements as at and  
for the year ended 31 December 2016



**Rahman Rahman Huq**

**Chartered Accountants**

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**Independent Auditor's Report  
to the Shareholders of bKash Limited**

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**Report on the Financial Statements**

We have audited the accompanying financial statements of bKash Limited ("the Company") which comprise the statement of financial position as at 31 December 2016, 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, comprising a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

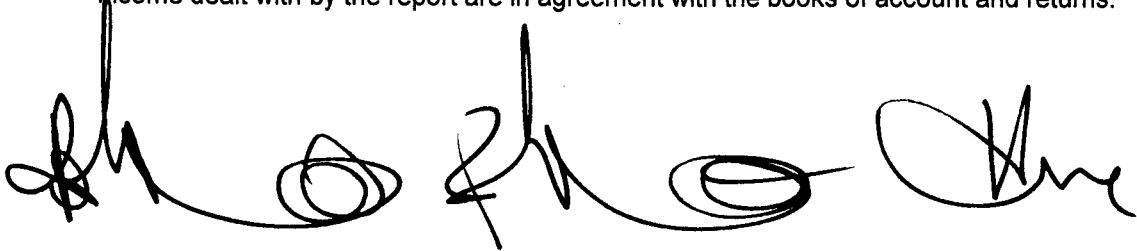
**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

**Report on Other Legal and Regulatory Requirements**

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

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.



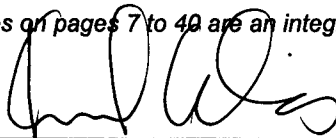
Dhaka, 15 FEB 2017




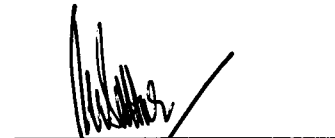
bKash Limited  
Statement of financial position

| <i>In Taka</i>                          | <i>Note</i> | 31 December<br>2016   | 31 December<br>2015   |
|---|-------------|-----------------------|-----------------------|
| <b>Assets</b>                           |             |                       |                       |
| Property, plant and equipment           | 6           | 708,337,120           | 405,011,682           |
| Intangible assets                       | 7           | 269,453,715           | 334,897,236           |
| Deferred tax assets                     | 8           | 1,338,020             | -                     |
| <b>Non-current assets</b>               |             | <b>979,128,855</b>    | <b>739,908,918</b>    |
| Operational and other receivables       | 9           | 219,966,379           | 158,096,780           |
| Advances, deposits and prepayments      | 10          | 218,267,016           | 205,642,444           |
| Advance income tax                      | 11          | 366,946,533           | 225,305,584           |
| Airtime balance                         | 12          | 797,587,267           | 222,862,163           |
| Restricted cash and cash equivalents    | 13          | 17,506,568,895        | 11,171,575,672        |
| Investment in fixed deposits            | 14          | 1,620,000,000         | 1,470,000,000         |
| Cash and cash equivalents               | 15          | 299,582,196           | 306,434,564           |
| <b>Current assets</b>                   |             | <b>21,028,918,286</b> | <b>13,759,917,207</b> |
| <b>Total assets</b>                     |             | <b>22,008,047,141</b> | <b>14,499,826,125</b> |
| <b>Equity</b>                           |             |                       |                       |
| Ordinary shares                         | 16          | 38,194,900            | 38,194,900            |
| Convertible preference shares           | 17          | 4,097,000             | 4,097,000             |
| Share premium                           | 18          | 2,133,618,396         | 2,133,618,396         |
| Share money deposit                     | 19          | 505,162               | 505,162               |
| Retained earnings                       |             | 415,549,081           | 80,396,610            |
| <b>Total equity</b>                     |             | <b>2,591,964,539</b>  | <b>2,256,812,068</b>  |
| <b>Liabilities</b>                      |             |                       |                       |
| Deferred tax liabilities                | 8           | -                     | 59,233,683            |
| Employee benefits                       | 20          | 118,480,000           | 6,873,005             |
| Other non-current liabilities           | 24          | 7,145,802             | 7,145,802             |
| Finance lease liabilities - non-current | 25          | 18,519,200            | -                     |
| <b>Non-current liabilities</b>          |             | <b>144,145,002</b>    | <b>73,252,490</b>     |
| Customer deposits                       | 21          | 11,487,721,167        | 7,346,784,052         |
| Other deposits                          | 22          | 5,800,892,990         | 3,614,553,210         |
| Operational and other payables          | 23          | 672,970,358           | 606,469,285           |
| Finance lease liabilities - current     | 25          | 6,206,558             | -                     |
| Grant funds                             | 26          | 49,464,389            | 27,155,154            |
| Accrued expenses                        | 27          | 902,986,476           | 490,556,258           |
| Provision for tax                       | 28          | 351,695,662           | 84,243,608            |
| <b>Current liabilities</b>              |             | <b>19,271,937,600</b> | <b>12,169,761,567</b> |
| <b>Total liabilities</b>                |             | <b>19,416,082,602</b> | <b>12,243,014,057</b> |
| <b>Total equity and liabilities</b>     |             | <b>22,008,047,141</b> | <b>14,499,826,125</b> |

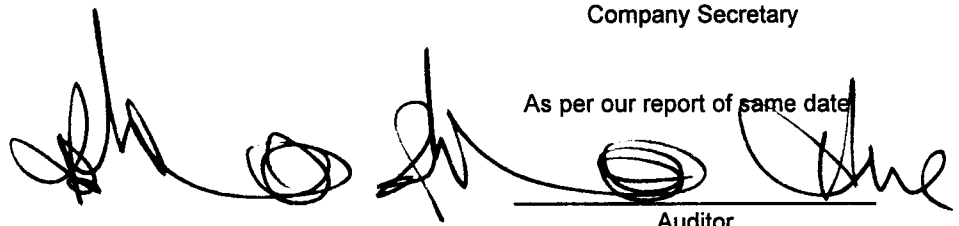
The notes on pages 7 to 40 are an integral part of these financial statements.

  
Chief Executive Officer

  
Director

  
Director

  
Company Secretary

  
Auditor

As per our report of same date

Dhaka, 15 FEB 2017

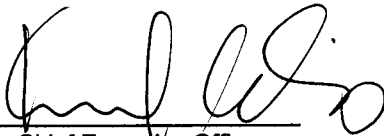
Rahman Rahman Huq  
Chartered Accountants

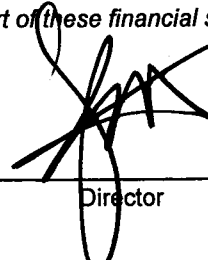
bKash Limited

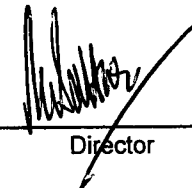
Statement of profit or loss and other comprehensive income

| In Taka   | Note | For the year ended 31 December |                      |
|---|------|--------------------------------|----------------------|
|   |      | 2016                           | 2015                 |
| Gross revenue                                     |      | 13,848,451,389                 | 9,831,547,171        |
| VAT   |      | (1,759,773,281)                | (1,245,009,822)      |
| <b>Net revenue</b>                                | 29   | <b>12,088,678,108</b>          | <b>8,586,537,349</b> |
| Cost of services                                  | 30   | (9,765,846,432)                | (7,010,676,269)      |
| <b>Gross profit</b>                               |      | <b>2,322,831,676</b>           | <b>1,575,861,080</b> |
| Other income                                      | 31   | 1,123,864,592                  | 896,591,008          |
| Donor grants                                      | 43L  | 55,386,622                     | 119,170,008          |
| Operating and administrative expenses             | 32   | (1,918,082,604)                | (1,220,353,567)      |
| Marketing and promotional expenses                | 33   | (875,927,645)                  | (851,876,318)        |
| Utilisation of donor grants                       | 34   | (55,386,622)                   | (119,170,008)        |
| Foreign exchange loss                             |      | (538,556)                      | (1,223,369)          |
| <b>Profit before contribution to WPPF</b>         |      | <b>652,147,463</b>             | <b>398,998,834</b>   |
| Contribution to WPPF                              | 43C  | (31,054,641)                   | (18,999,944)         |
| <b>Profit before tax</b>                          |      | <b>621,092,822</b>             | <b>379,998,890</b>   |
| Income tax expenses                               | 35   | (234,551,351)                  | (142,437,168)        |
| <b>Profit</b>                                     |      | <b>386,541,471</b>             | <b>237,561,722</b>   |
| Other comprehensive income/(expense) - net of tax | 36   | (51,389,000)                   | -                    |
| <b>Total comprehensive income</b>                 |      | <b>335,152,471</b>             | <b>237,561,722</b>   |

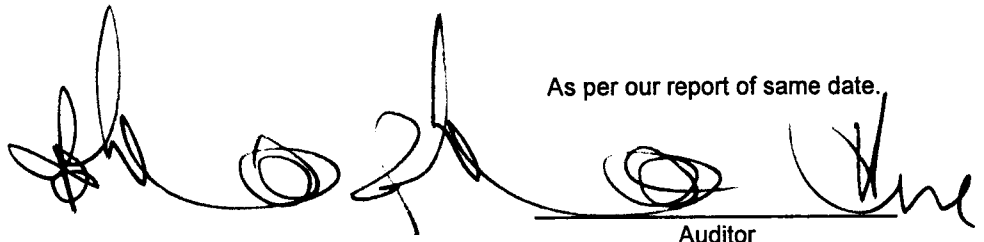
The notes on pages 7 to 40 are an integral part of these financial statements.

  
 Chief Executive Officer

  
 Director

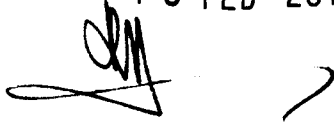
  
 Director

  
 Company Secretary

  
 Auditor

As per our report of same date.

Dhaka, 15 FEB 2017



Rahman Rahman Huq  
 Chartered Accountants

bKash Limited  
Statement of changes in equity

| <i>In Taka</i>                                    | For the year ended 31 December 2016 |                               |               |                     |                   |               |
|---|-------------------------------------|-------------------------------|---------------|---------------------|-------------------|---------------|
|   | Share capital                       | Convertible preference shares | Share premium | Share money deposit | Retained earnings | Total equity  |
| <b>Balance at 1 January 2016</b>                  | 38,194,900                          | 4,097,000                     | 2,133,618,396 | 505,162             | 80,396,610        | 2,256,812,068 |
| <b>Total comprehensive income</b>                 |                                     |                               |               |                     |                   |               |
| Profit for the year                               | -                                   | -                             | -             | -                   | 386,541,471       | 386,541,471   |
| Other comprehensive income/(expense) - net of tax | -                                   | -                             | -             | -                   | (51,389,000)      | (51,389,000)  |
| <b>Total comprehensive income</b>                 | -                                   | -                             | -             | -                   | 335,152,471       | 335,152,471   |
| <b>Balance at 31 December 2016</b>                | 38,194,900                          | 4,097,000                     | 2,133,618,396 | 505,162             | 415,549,081       | 2,591,964,539 |

| <i>In Taka</i>                     | For the year ended 31 December 2015 |                               |               |                     |                   |               |
|------------------------------------|-------------------------------------|-------------------------------|---------------|---------------------|-------------------|---------------|
|                                    | Share capital                       | Convertible preference shares | Share premium | Share money deposit | Retained earnings | Total equity  |
| <b>Balance at 1 January 2015</b>   | 38,194,900                          | 4,097,000                     | 2,133,618,396 | 505,162             | (157,165,112)     | 2,019,250,346 |
| <b>Total comprehensive income</b>  |                                     |                               |               |                     |                   |               |
| Profit for the year                | -                                   | -                             | -             | -                   | 237,561,722       | 237,561,722   |
| <b>Total comprehensive income</b>  | -                                   | -                             | -             | -                   | 237,561,722       | 237,561,722   |
| <b>Balance at 31 December 2015</b> | 38,194,900                          | 4,097,000                     | 2,133,618,396 | 505,162             | 80,396,610        | 2,256,812,068 |

The notes on pages 7 to 40 are an integral part of these financial statements.



bKash Limited  
Statement of cash flows

| <i>In Taka</i>  | For the year ended 31 December |                        |
|---|--------------------------------|------------------------|
|   | 2016                           | 2015                   |
| <b>Cash flows from operating activities</b>   |                                |                        |
| Cash receipt from customers   | 18,473,244,435                 | 12,739,897,987         |
| Cash paid to suppliers, employees and others  | (12,557,858,678)               | (8,978,781,897)        |
| <b>Cash generated from operating activities</b>   | <b>5,915,385,757</b>           | <b>3,761,116,090</b>   |
| Interest received from deposits   | 1,076,029,140                  | 843,708,508            |
| Income taxes paid   | (141,640,949)                  | (112,615,051)          |
| <b>Net cash flows from operating activities</b>   | <b>6,849,773,948</b>           | <b>4,492,209,547</b>   |
| <b>Cash flows from investing activities</b>   |                                |                        |
| Acquisition of property, plant and equipment  | (186,104,099)                  | (120,043,345)          |
| Acquisition of intangible assets  | (182,634,752)                  | (150,486,821)          |
| Disposal of property, plant and equipment   | -                              | 525,999                |
| Investment in fixed deposits  | (150,000,000)                  | (1,070,000,000)        |
| <b>Net cash used in investing activities</b>  | <b>(518,738,851)</b>           | <b>(1,340,004,167)</b> |
| <b>Cash flows from financing activities</b>   |                                |                        |
| Finance lease liabilities   | (2,894,242)                    | -                      |
| <b>Net cash used in financing activities</b>  | <b>(2,894,242)</b>             | <b>-</b>               |
| Net increase in cash and cash equivalents   | 6,328,140,855                  | 3,152,205,380          |
| Cash and cash equivalents (including restricted cash and cash equivalents) as at 1 January          | 11,478,010,236                 | 8,325,804,856          |
| <b>Cash and cash equivalents (including restricted cash and cash equivalents) as at 31 December</b> | <b>17,806,151,091</b>          | <b>11,478,010,236</b>  |
| <b>Less: Restricted cash and cash equivalents</b>   | <b>17,506,568,895</b>          | <b>11,171,575,672</b>  |
| <b>Cash and cash equivalents as at 31 December</b>  | <b>299,582,196</b>             | <b>306,434,564</b>     |

The notes on pages 7 to 40 are an integral part of these 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, in April 2013 International Finance Corporation (IFC), a member of the World Bank Group, became an equity partner and in April 2014, The Bill & Melinda Gates Foundation subscribed for the convertible preference shares of the Company. The Company has an authorised share capital of Tk 500,000,000 divided into 4,900,000 ordinary shares of Tk 100 only each and 100,000 preference shares of Tk 100 each.

**1.2 Nature of business**

bKash provides financial services via mobile phones to the customers under a Payment System Operator (PSO) 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.

**1.3 Draft MFS Guidelines**

In July 2015, Bangladesh Bank (BB) issued draft guidelines on Mobile phone based Financial Services (MFS). The purpose of the guidelines is to:

- provide regulatory framework for Mobile phone based Financial Services (MFS), providing an enabling environment for innovations in cost efficient off branch financial services delivery;
- reduce use of cash and its associated costs;
- put in place compliance drills required by Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) laws and regulations; and
- promote access to formal financial services at affordable cost especially for the poor and unbanked population segments.

Under these guidelines, existing and potential MFS providers would need to undergo a new licensing process. The draft guidelines also include provisions on matters such as a multi-bank led ownership structure and minimum capital requirements.

BB sought feedback on the draft guidelines from various stakeholders and requested feedback before 30 October 2015. The industry awaits the final guidelines from BB.

**2 Basis of accounting**

**2.1 Statement of compliance**

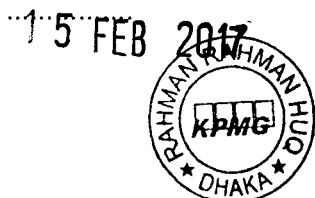
The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and as per the requirements of the Companies Act 1994.

The titles and format of these financial statements follow the requirements of BFRSs 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, BFRSs titles and format gives a better presentation to its intended users.

Details of the Company's accounting policies are included in Note 43.

**2.2 Date of authorisation**

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





**3 Functional and presentation currency**

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is both the functional and the presentation currency of the Company. The amounts in these financial statements have been rounded off to the nearest Taka, unless otherwise indicated.

**4 Reporting period**

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

**5 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 25 and 43M | Finance lease liabilities |
|------------------|---------------------------|

**b. Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ended 31 December 2016 is included in the following notes:

|                      |                                   |
|----------------------|-----------------------------------|
| Notes 6 and 43F      | Property, plant and equipment     |
| Notes 7 and 43G      | Intangible assets                 |
| Notes 20 and 43C     | Employee benefits                 |
| Notes 8 and 43E(ii)  | Deferred tax assets/(liabilities) |
| Notes 28 and 43E(i)  | Provision for tax                 |
| Notes 38, 39 and 43O | Commitments and contingencies     |

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.



**6 Property, plant and equipment**

See accounting policy in Note 43F

**Reconciliation of carrying amount**

| <i>In Taka</i>                     | Note | IT equipment       | Laptop and computer | Motor vehicles   | Motor vehicles-leased | Office furniture  | Office equipment  | Leasehold improvements | Work in progress   | Total              |
|------------------------------------|------|--------------------|---------------------|------------------|-----------------------|-------------------|-------------------|------------------------|--------------------|--------------------|
| <b>Cost</b>                        |      |                    |                     |                  |                       |                   |                   |                        |                    |                    |
| Balance at 1 January 2015          |      | 177,927,622        | 39,346,732          | 2,000,000        | -                     | 41,756,184        | 22,000,919        | -                      | -                  | 283,031,457        |
| Additions                          |      | 27,355,246         | 28,183,291          | -                | -                     | 24,065,225        | 7,259,495         | -                      | 208,810,258        | 295,673,515        |
| Reclassification, net              | 6.1  | (5,965,860)        | -                   | -                | -                     | 7,122,860         | (1,157,000)       | -                      | -                  | -                  |
| Write off                          | 6.1  | (14,819,322)       | -                   | -                | -                     | (32,498,451)      | (430,093)         | -                      | -                  | (47,747,866)       |
| Disposal                           |      | -                  | -                   | -                | -                     | (3,035,457)       | (2,208,107)       | -                      | -                  | (5,243,564)        |
| Transfer from work in progress     |      | 59,272,196         | -                   | -                | -                     | -                 | -                 | 56,546,802             | (115,818,998)      | -                  |
| <b>Balance at 31 December 2015</b> |      | <b>243,769,882</b> | <b>67,530,023</b>   | <b>2,000,000</b> | <b>-</b>              | <b>37,410,361</b> | <b>25,465,214</b> | <b>56,546,802</b>      | <b>92,991,260</b>  | <b>525,713,542</b> |
| Balance at 1 January 2016          |      | 243,769,882        | 67,530,023          | 2,000,000        | -                     | 37,410,361        | 25,465,214        | 56,546,802             | 92,991,260         | 525,713,542        |
| Additions                          |      | 53,358,421         | 16,507,925          | -                | 31,137,444            | 8,173,443         | 14,586,302        | 22,842,009             | 276,113,531        | 422,719,075        |
| Reclassification, net              |      | -                  | -                   | -                | -                     | -                 | -                 | (1,110,364)            | (62,991)           | (1,173,355)        |
| Write off                          |      | (11,500)           | (292,316)           | -                | -                     | (2,328,799)       | (782,545)         | -                      | -                  | (3,415,160)        |
| Transfer from work in progress     |      | 92,928,269         | -                   | -                | -                     | -                 | -                 | -                      | (92,928,269)       | -                  |
| <b>Balance at 31 December 2016</b> |      | <b>390,045,072</b> | <b>83,745,632</b>   | <b>2,000,000</b> | <b>31,137,444</b>     | <b>43,255,005</b> | <b>39,268,971</b> | <b>78,278,447</b>      | <b>276,113,531</b> | <b>943,844,102</b> |
| <b>Accumulated depreciation</b>    |      |                    |                     |                  |                       |                   |                   |                        |                    |                    |
| Balance at 1 January 2015          |      | 45,797,331         | 20,313,818          | 1,800,000        | -                     | 6,159,125         | 6,328,662         | -                      | -                  | 80,398,936         |
| Depreciation                       | 32.2 | 43,447,890         | 3,654,525           | 199,999          | -                     | 2,218,629         | 4,834,329         | 3,137,234              | -                  | 57,492,606         |
| Reclassification, net              | 6.1  | (1,836,345)        | -                   | -                | -                     | 2,494,463         | (658,118)         | -                      | -                  | -                  |
| Write off                          | 6.1  | (8,484,992)        | -                   | -                | -                     | (6,308,269)       | (179,245)         | -                      | -                  | (14,972,506)       |
| Disposal                           |      | -                  | -                   | -                | -                     | (795,462)         | (1,421,714)       | -                      | -                  | (2,217,176)        |
| <b>Balance at 31 December 2015</b> |      | <b>78,923,884</b>  | <b>23,968,343</b>   | <b>1,999,999</b> | <b>-</b>              | <b>3,768,486</b>  | <b>8,903,914</b>  | <b>3,137,234</b>       | <b>-</b>           | <b>120,701,860</b> |
| Balance at 1 January 2016          |      | 78,923,884         | 23,968,343          | 1,999,999        | -                     | 3,768,486         | 8,903,914         | 3,137,234              | -                  | 120,701,860        |
| Depreciation                       | 32.2 | 60,523,691         | 28,177,238          | -                | 3,130,833             | 4,257,394         | 6,290,203         | 13,831,869             | -                  | 116,211,228        |
| Reclassification, net              | 32.2 | -                  | -                   | -                | -                     | -                 | -                 | (203,567)              | -                  | (203,567)          |
| Write off                          |      | (10,343)           | (39,637)            | -                | -                     | (726,635)         | (425,924)         | -                      | -                  | (1,202,539)        |
| <b>Balance at 31 December 2016</b> |      | <b>139,437,232</b> | <b>52,105,944</b>   | <b>1,999,999</b> | <b>3,130,833</b>      | <b>7,299,245</b>  | <b>14,768,193</b> | <b>16,765,536</b>      | <b>-</b>           | <b>235,506,982</b> |
| <b>Carrying amounts</b>            |      |                    |                     |                  |                       |                   |                   |                        |                    |                    |
| At 31 December 2015                |      | 164,845,998        | 43,561,680          | 1                | -                     | 33,641,875        | 16,561,300        | 53,409,568             | 92,991,260         | 405,011,682        |
| At 31 December 2016                |      | 250,607,840        | 31,639,688          | 1                | 28,006,611            | 35,955,760        | 24,500,778        | 61,512,911             | 276,113,531        | 708,337,120        |

- 6.1 During 2015, management had conducted a physical verification of property, plant and equipment by appointing a third party. Based on the observations of the same exercise, several assets were reclassified and written off.



## 7 Intangible assets

See accounting policy in Note 43G

## Reconciliation of carrying amount

| <i>In Taka</i>                     | <i>Note</i> | <i>Software</i>    | <i>Work in progress</i> | <i>Total</i>       |
|------------------------------------|-------------|--------------------|-------------------------|--------------------|
| <b>Cost</b>                        |             |                    |                         |                    |
| Balance at 1 January 2015          |             | 215,571,986        | -                       | 215,571,986        |
| Additions                          |             | -                  | 232,322,281             | 232,322,281        |
| Transfer from work in progress     |             | 136,117,149        | (136,117,149)           | -                  |
| <b>Balance at 31 December 2015</b> |             | <b>351,689,135</b> | <b>96,205,132</b>       | <b>447,894,267</b> |
| <b>Balance at 1 January 2016</b>   |             | <b>351,689,135</b> | <b>96,205,132</b>       | <b>447,894,267</b> |
| Additions                          |             | 38,475,376         | 10,297,808              | 48,773,184         |
| Reclassification, net              |             | (6,452,003)        | (9,989,415)             | (16,441,418)       |
| Transfer from work in progress     |             | 86,228,447         | (86,228,447)            | -                  |
| <b>Balance at 31 December 2016</b> |             | <b>469,940,955</b> | <b>10,285,078</b>       | <b>480,226,033</b> |
| <b>Accumulated amortisation</b>    |             |                    |                         |                    |
| Balance at 1 January 2015          |             | 67,936,990         | -                       | 67,936,990         |
| Amortisation                       | 32.2        | 45,060,041         | -                       | 45,060,041         |
| <b>Balance at 31 December 2015</b> |             | <b>112,997,031</b> | <b>-</b>                | <b>112,997,031</b> |
| <b>Balance at 1 January 2016</b>   |             | <b>112,997,031</b> | <b>-</b>                | <b>112,997,031</b> |
| Amortisation                       | 32.2        | 97,775,287         | -                       | 97,775,287         |
| <b>Balance at 31 December 2016</b> |             | <b>210,772,318</b> | <b>-</b>                | <b>210,772,318</b> |
| <b>Carrying amounts</b>            |             |                    |                         |                    |
| <b>At 31 December 2015</b>         |             | <b>238,692,104</b> | <b>96,205,132</b>       | <b>334,897,236</b> |
| <b>At 31 December 2016</b>         |             | <b>259,168,637</b> | <b>10,285,078</b>       | <b>269,453,715</b> |

## Technology platform migration

Visa Cape Town Proprietary Limited (VISA), the technology provider to bKash's core platform, had earlier informed that as a part of reorganisation of the mobile money setup of VISA, the office will migrate from Cape Town to Bangalore, India and that the support for the platform will be provided from Bangalore. Since then the master customer agreement with VISA has been extended to May 2017. A separate maintenance service arrangement has been entered into with Nihilent Technologies Limited (Nihilent) who has been VISA's system integrator for the platform to date.

Moreover, bKash has selected Huawei Technologies Co. Ltd. as its new core platform provider. The core platform migration from VISA to Huawei is expected to be completed by April 2017. In this regard, the recoverable value of the entire platform, which is regarded to be the appropriate cash generating unit, was calculated and found to be in excess of the carrying value. The useful lives of the software related assets that are expected to be decommissioned as part of the migration have been revised accordingly.



## Notes to the financial statements (Continued)

## 8 Deferred tax assets/(liabilities)

See accounting policy in Note 43E(ii)

| <i>In Taka</i>                                    | <i>Note</i> | 31 December<br>2016                     | 31 December<br>2015                                 |
|---|-------------|---|---|
| Balance at 1 January                              |             | (59,233,683)                            | 39,972,550  |
| Deferred tax income/(expense) for the year        | 35.1        | 60,571,703                              | (99,206,233)  |
| <b>Balance at 31 December</b>                     |             | <b>1,338,020</b>                        | <b>(59,233,683)</b>                                 |
|   |             |   | Taxable/<br>(deductible)<br>temporary<br>difference |
| <i>In Taka</i>                                    |             | Carrying<br>amount on<br>reporting date | Tax base  |
| <b>At 31 December 2016</b>                        |             |   |   |
| Property, plant and equipment                     |             | 417,591,978                             | 374,054,363   |
| Intangible assets                                 |             | 259,168,637                             | 176,992,723   |
| Pre-operating expenses                            |             | -                                       | 11,056,445  |
| Employee benefits                                 |             | 118,480,000                             | -   |
| <b>Taxable/(deductible) temporary differences</b> |             | <b>795,240,615</b>                      | <b>562,103,531</b>                                  |
| Applicable tax rate                               |             |   | 35%   |
| <b>Deferred tax assets</b>                        |             |   | <b>1,338,020</b>                                    |
| <b>At 31 December 2015</b>                        |             |   |   |
| Property, plant and equipment                     |             | 312,020,422                             | 257,157,764   |
| Intangible assets                                 |             | 238,692,104                             | 117,442,664   |
| Employee benefits                                 |             | 6,873,005                               | -   |
| <b>Taxable/(deductible) temporary differences</b> |             | <b>557,585,531</b>                      | <b>374,600,428</b>                                  |
| Applicable tax rate                               |             |   | 35%   |
| <b>Deferred tax liabilities</b>                   |             |   | <b>(59,233,683)</b>                                 |

## 9 Operational and other receivables

See accounting policy in Note 43H(i)

| <i>In Taka</i>                     | <i>Note</i> | 31 December<br>2016 | 31 December<br>2015 |
|------------------------------------|-------------|---------------------|---------------------|
| <b>Operational receivables</b>     |             |                     |                     |
| Related party - BRAC Bank Limited  |             | 572,894             | 112,576             |
| Other than related parties         | 9.1         | 12,589,877          | 826,521             |
|                                    |             | <b>13,162,771</b>   | <b>939,097</b>      |
| Less: Provision for doubtful debts |             | -                   | -                   |
|                                    |             | <b>13,162,771</b>   | <b>939,097</b>      |
| <b>Other receivables</b>           |             |                     |                     |
| Accrued interest on fixed deposits |             | 206,803,608         | 157,157,683         |
|                                    |             | <b>206,803,608</b>  | <b>157,157,683</b>  |
|                                    |             | <b>219,966,379</b>  | <b>158,096,780</b>  |
| <b>Below six months</b>            |             | <b>219,966,379</b>  | <b>158,096,780</b>  |
|                                    |             | <b>219,966,379</b>  | <b>158,096,780</b>  |

9.1 Other than related parties amount for the year 2016 includes receivables from Department for International Development (DFID) for TagPay Project of BDT 6,372,277 (Note 34.3).



**10 Advances, deposits and prepayments**

See accounting policy in Note 43H(i)

| <i>In Taka</i>      | <i>Note</i> | 31 December<br>2016 | 31 December<br>2015 |
|---------------------|-------------|---------------------|---------------------|
| <b>Advances</b>     |             |                     |                     |
| Staff               |             | 2,213,388           | 952,903             |
| Suppliers           |             | 6,424,790           | 9,483,480           |
| Office rent         |             | 94,900,273          | 126,965,028         |
| VAT current account |             | 1,127,271           | 3,157,443           |
|                     |             | <b>104,665,722</b>  | <b>140,558,854</b>  |
| <b>Deposits</b>     |             |                     |                     |
| Rent                |             | 6,672,400           | 5,748,100           |
|                     |             | <b>6,672,400</b>    | <b>5,748,100</b>    |
| <b>Prepayments</b>  |             |                     |                     |
| Expenses            |             | 55,116,195          | 25,403,889          |
| Agent commission    | 10.1        | 51,812,699          | 33,931,601          |
|                     |             | <b>106,928,894</b>  | <b>59,335,490</b>   |
|                     |             | <b>218,267,016</b>  | <b>205,642,444</b>  |

- 10.1 Agent commission represents the amount paid to agents through bKash wallet while performing cash in transactions for which revenue will be generated in the next financial period(s).

**11 Advance income tax**

See accounting policy in Note 43E(i)

| <i>In Taka</i>                | 31 December<br>2016 | 31 December<br>2015 |
|-------------------------------|---------------------|---------------------|
| Balance at 1 January          | 225,305,584         | 112,690,533         |
| Deducted at source            | 141,640,949         | 112,615,051         |
| <b>Balance at 31 December</b> | <b>366,946,533</b>  | <b>225,305,584</b>  |

**12 Airtime balance**

| <i>In Taka</i>                            | <i>Note</i> | 31 December<br>2016 | 31 December<br>2015 |
|---|-------------|---------------------|---------------------|
| <b>Airtime balance</b>                    |             |                     |                     |
| Robi Axiata Limited                       | 12.1        | 19,965,991          | 24,451,518          |
| Banglalink Digital Communications Limited |             | 15,364,457          | 42,925,807          |
| Grameenphone Limited                      |             | 29,535,985          | 69,306,287          |
| Airtel Bangladesh Limited                 | 12.2        | -                   | 19,659,690          |
| Teletalk Bangladesh Limited               |             | 5,631,858           | -                   |
|   |             | <b>70,498,291</b>   | <b>156,343,302</b>  |
| <b>Airtime proceeds in transit</b>        |             |                     |                     |
|   | 12.3        | 727,088,976         | 66,518,861          |
|   |             | <b>727,088,976</b>  | <b>66,518,861</b>   |
|   |             | <b>797,587,267</b>  | <b>222,862,163</b>  |

- 12.1 Airtime balance represents the unused amount of purchased mobile airtime from respective Mobile Network Operators (MNOs) for which service has not yet been availed by bKash customers. Since airtime has no expiry date in the hands of the Company, it is recorded at its face value until utilised or purchased by bKash customers.
- 12.2 Following the merger between Robi Axiata Limited (Robi) and Airtel Bangladesh Limited (Airtel), the airtime balance of Airtel for the year 2016 is included in Robi's balance.
- 12.3 Airtime proceeds in transit represents the balance to be transferred from restricted float accounts to operational accounts against sold airtime top-up (Note 22).



**13 Restricted cash and cash equivalents**

See accounting policy in Note 43H(i)

| <i>In Taka</i>                 | 31 December<br>2016   | 31 December<br>2015   |
|--------------------------------|-----------------------|-----------------------|
| <b>Cash at bank</b>            |                       |                       |
| BRAC Bank Limited              | 719,012,648           | 1,571,575,672         |
| Trust Bank Limited             | 44,277,220            | -                     |
| South East Bank Limited        | 700,458,508           | -                     |
| One Bank Limited               | 130,146               | -                     |
| Eastern Bank Limited           | 47,775,505            | -                     |
| Jamuna Bank Limited            | 318,499,622           | -                     |
| Mutual Trust Bank Limited      | 391,185,808           | -                     |
| United Commercial Bank Limited | 1,233,087,241         | -                     |
| The City Bank Limited          | 778,179,789           | -                     |
| Dhaka Bank Limited             | 887,498,020           | -                     |
| NCC Bank Limited               | 75,070,797            | -                     |
| Sonali Bank Limited            | 201,906,436           | -                     |
| Eastern Bank Limited           | 609,487,155           | -                     |
|                                | <b>6,006,568,895</b>  | <b>1,571,575,672</b>  |
| <b>Fixed deposits</b>          |                       |                       |
| Southeast Bank Limited         | 2,000,000,000         | -                     |
| Trust Bank Limited             | 1,000,000,000         | -                     |
| Mutual Trust Bank Limited      | 200,000,000           | -                     |
| The City Bank Limited          | 3,250,000,000         | -                     |
| Jamuna Bank Limited            | 400,000,000           | -                     |
| NCC Bank Limited               | 1,650,000,000         | -                     |
| BRAC Bank Limited              | 3,000,000,000         | 9,600,000,000         |
|                                | <b>11,500,000,000</b> | <b>9,600,000,000</b>  |
|                                | <b>17,506,568,895</b> | <b>11,171,575,672</b> |

Restricted cash and cash equivalents includes balance with customer deposits, channel partner deposits and merchants etc., which is kept with different banks in the form of cash and Fixed Deposit Receipts (FDR). As per Payment System Operator (PSO) license and multi-banking approval issued by Bangladesh Bank, at any point of time, the physical cash balance of bKash accounts held in different banks must be equal to the balance shown in the system of bKash digital wallet platform. These accounts shall remain under surveillance of Bangladesh Bank.

**14 Investment in fixed deposits**

See accounting policy in Note 43H(i)

| <i>In Taka</i>         | 31 December<br>2016  | 31 December<br>2015  |
|------------------------|----------------------|----------------------|
| AB Bank Limited        | -                    | 900,000,000          |
| Jamuna Bank Limited    | 350,000,000          | -                    |
| Southeast Bank Limited | 520,000,000          | -                    |
| Trust Bank Limited     | -                    | 570,000,000          |
| NCC Bank Limited       | 50,000,000           | -                    |
| BRAC Bank Limited      | 700,000,000          | -                    |
|                        | <b>1,620,000,000</b> | <b>1,470,000,000</b> |

**15 Cash and cash equivalents**

See accounting policy in Note 43H(i)

| <i>In Taka</i>         | Note | 31 December<br>2016 | 31 December<br>2015 |
|------------------------|------|---------------------|---------------------|
| Cash in hand           |      | 687,850             | 1,510,386           |
| Cash at digital wallet |      | 5,754,959           | 18,525,932          |
| Cash at banks          | 15.1 | 293,139,387         | 286,398,246         |
|                        |      | <b>299,582,196</b>  | <b>306,434,564</b>  |



## 15.1 Cash at banks

| <i>In Taka</i>                           | 31 December<br>2016 | 31 December<br>2015 |
|--|---------------------|---------------------|
| BRAC Bank Limited                        | 71,236,708          | 213,361,206         |
| BRAC Bank Limited                        | 19,740,672          | 71,330,610          |
| BRAC Bank Limited                        | 527,154             | 1,372,360           |
| Islami Bank Bangladesh Limited           | 15,011              | 34,385              |
| United Commercial Bank Limited           | 6,200               | 7,350               |
| Trust Bank Limited                       | 684,445             | 18,897              |
| Prime Bank Limited                       | 5,000               | -                   |
| Eastern Bank Limited                     | 161                 | -                   |
| The City Bank Limited                    | 200,434,743         | -                   |
| Regional balances with BRAC Bank Limited | 489,293             | 273,438             |
|  | <b>293,139,387</b>  | <b>286,398,246</b>  |

## 16 Ordinary shares

See accounting policy in Note 43I

| <i>In Taka</i>                             | No. of shares | 31 December<br>2016 | 31 December<br>2015 |
|--|---------------|---------------------|---------------------|
| <b>Authorised</b>                          |               |                     |                     |
| Authorised (par value of Tk 100 each)      | 4,900,000     | 490,000,000         | 490,000,000         |
| <b>Paid up</b>                             |               |                     |                     |
| Ordinary shares (par value of Tk 100 each) | 381,949       | 38,194,900          | 38,194,900          |

## Percentage of shareholdings

| <i>In Taka</i>                    | No. of shares  | %              | 31 December<br>2016 | 31 December<br>2015 |
|-----------------------------------|----------------|----------------|---------------------|---------------------|
| BRAC Bank Ltd.                    | 194,800        | 51.00%         | 19,480,000          | 19,480,000          |
| Money in Motion LLC, USA          | 139,405        | 36.50%         | 13,940,500          | 13,940,500          |
| International Finance Corporation | 47,744         | 12.50%         | 4,774,400           | 4,774,400           |
|                                   | <b>381,949</b> | <b>100.00%</b> | <b>38,194,900</b>   | <b>38,194,900</b>   |

## 17 Convertible preference shares

| <i>In Taka</i>   | No. of shares | %       | 31 December<br>2016 | 31 December<br>2015 |
|--|---------------|---------|---------------------|---------------------|
| <b>Authorised</b>  |               |         |                     |                     |
| Authorised (par value of Tk 100 each)                      | 100,000       |         | 10,000,000          | 10,000,000          |
| <b>Paid up</b>   |               |         |                     |                     |
| Bill & Melinda Gates Foundation (par value of Tk 100 each) | 40,970        | 100.00% | 4,097,000           | 4,097,000           |

Convertible preference shares were issued as per the shareholder agreement dated 3 February 2014 among bKash Limited, BRAC Bank Limited, Money in Motion LLC, USA and Bill & Melinda Gates Foundation. Total 40,970 shares of Tk 100 each were issued with a premium of Tk 20,684 (rounded off) with the approval of respective authority.

The respective shareholders do not have any voting right associated to the convertible preference shares. At the option of the Bill & Melinda Gates Foundation, such shares shall be converted on a 1:1 basis into ordinary shares.

## 18 Share premium

| <i>In Taka</i>                      | No. of shares | Premium<br>per share<br>(rounded<br>off) | 31 December<br>2016  | 31 December<br>2015  |
|-------------------------------------|---------------|--|----------------------|----------------------|
| BRAC Bank Limited                   | 49,705        | 3,000                                    | 149,115,000          | 149,115,000          |
| Money in Motion LLC, USA            | 122,255       | 3,000                                    | 366,765,000          | 366,765,000          |
| International Finance Corporation   | 47,744        | 16,135                                   | 770,325,568          | 770,325,568          |
| The Bill & Melinda Gates Foundation | 40,970        | 20,684                                   | 847,412,828          | 847,412,828          |
|                                     |               |  | <b>2,133,618,396</b> | <b>2,133,618,396</b> |



**19 Share money deposit**

This balance represents share money deposit received from Money in Motion (MIM) LLC, USA and International Finance Corporation (IFC).

**20 Employee benefits**

See accounting policy in Note 43C(iii)

| <i>In Taka</i>                | <i>Note</i> | 31 December<br>2016 | 31 December<br>2015 |
|-------------------------------|-------------|---------------------|---------------------|
| Balance at 1 January          |             | 6,873,005           | -                   |
| Service cost                  | 20.1        | 111,897,900         | 6,873,005           |
| Benefits paid                 |             | (290,905)           | -                   |
| <b>Balance at 31 December</b> |             | <b>118,480,000</b>  | <b>6,873,005</b>    |

**20.1 Defined benefit obligation charged to profit or loss and other comprehensive income**

| <i>In Taka</i>                                      | <i>Note</i> | 31 December<br>2016 | 31 December<br>2015 |
|---|-------------|---------------------|---------------------|
| <b>Profit or loss</b>                               |             |                     |                     |
| Current service cost                                |             | 32,297,900          | 6,873,005           |
| Interest accrued on defined benefit obligation      |             | 540,000             | -                   |
|   | 32.1        | 32,837,900          | 6,873,005           |
| <b>Other comprehensive (income)/expense</b>         |             |                     |                     |
| Actuarial (gain)/loss recognised directly in equity | 36          | 79,060,000          | -                   |
|   |             | 111,897,900         | 6,873,005           |

**20.2 Actuarial assumptions**

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

|                        | 31 December<br>2016 |
|------------------------|---------------------|
| Discount rate          | 8%                  |
| Salary escalation rate | 10%                 |

**21 Customer deposits**

See accounting policy in Note 43H(ii)

| <i>In Taka</i>                | 31 December<br>2016   | 31 December<br>2015  |
|-------------------------------|-----------------------|----------------------|
| Balance at 1 January          | 7,346,784,052         | 4,547,309,328        |
| Net addition during the year  | 4,140,937,115         | 2,799,474,724        |
| <b>Balance at 31 December</b> | <b>11,487,721,167</b> | <b>7,346,784,052</b> |

Customer deposits represent the balance maintained by customers in their mobile phone in the form of bKash money.

**22 Other deposits**

See accounting policy in Note 43H(ii)

| <i>In Taka</i>      | 31 December<br>2016 | 31 December<br>2015 |
|---------------------|---------------------|---------------------|
| Agent deposit       | 1,020,631,106       | 2,821,431,611       |
| Distributor deposit | 3,923,497,092       | 670,900,140         |
| Merchant deposit    | 130,966,336         | 55,438,814          |
| Deposit in transit  | 725,798,456         | 66,782,645          |
|                     | 5,800,892,990       | 3,614,553,210       |

Other deposits represent the balance maintained by agents, distributors and merchants in their mobile phone in the form of bKash money. Deposit in transit represents the balance to be transferred from restricted float accounts to operational accounts against ATM cash out, sold airtime top up and requested inward remittance through Western Union.





**23 Operational and other payables**

See accounting policy in Note 43H(ii)

| <i>In Taka</i>       | <i>Note</i> | 31 December<br>2016 | 31 December<br>2015 |
|----------------------|-------------|---------------------|---------------------|
| Operational payables | 23.1        | 257,902,187         | 316,643,839         |
| Other payables       | 23.2        | 413,891,830         | 287,354,466         |
| Unearned revenue     | 23.3        | 1,176,341           | 2,470,980           |
|                      |             | <b>672,970,358</b>  | <b>606,469,285</b>  |

**23.1 Operational payables**

| <i>In Taka</i>  |  | 31 December<br>2016 | 31 December<br>2015 |
|---|--|---------------------|---------------------|
| <b>Related parties</b>                                    |  |                     |                     |
| BRAC Bank Limited   |  | 2,922,647           | 104,623             |
| BRAC IT Services Limited                                  |  | 2,614,465           | 175,304             |
| <b>Other than related parties</b>                         |  |                     |                     |
| Visa Cape Town Proprietary Limited                        |  | 54,515,345          | 84,134,380          |
| Computer Source Limited                                   |  | 49,560,098          | -                   |
| Breakpoint Vantage (Pty) Limited                          |  | 37,004,081          | 1,624,950           |
| Computer Services Limited                                 |  | 29,829,966          | 1,125,000           |
| Nihilent Technologies Limited                             |  | 28,135,250          | -                   |
| Thakral Information System Private Limited                |  | 15,154,494          | 68,894,900          |
| Tech Valley Networks Limited                              |  | 9,812,574           | 2,259,391           |
| Express Systems Ltd.                                      |  | 9,091,289           | 135,244,686         |
| CIBL Technology Consultants Limited                       |  | 6,415,092           | -                   |
| Flora Limited   |  | 5,434,515           | -                   |
| Aamra Technologies Limited                                |  | 1,804,296           | 989,656             |
| Spirnytel Private Limited                                 |  | 1,125,000           | -                   |
| Cerebrus Consultants Private Limited                      |  | 1,032,938           | -                   |
| Tech Republic Limited                                     |  | 803,250             | -                   |
| Teleplan Consulting                                       |  | 800,000             | -                   |
| Rangs Electronics Limited                                 |  | 625,462             | 625,462             |
| Tech Valley Solutions Limited                             |  | 526,292             | -                   |
| Tech One Global (Pvt) Limited                             |  | 348,333             | -                   |
| Aegis Services Limited                                    |  | 346,800             | 1,144,800           |
| Atelier Robin Architects                                  |  | -                   | 16,655,567          |
| Accenture Communications Infrastructure Solutions Limited |  | -                   | 3,665,120           |
|   |  | <b>257,902,187</b>  | <b>316,643,839</b>  |

**23.2 Other payables**

| <i>In Taka</i>                              | <i>Note</i> | 31 December<br>2016 | 31 December<br>2015 |
|---|-------------|---------------------|---------------------|
| VAT payable                                 |             | 172,300,587         | 118,114,677         |
| Withholding tax payable                     |             | 103,518,577         | 79,513,432          |
| Incentive to agency, agent and distributor  | 23.2.1      | 76,920,176          | 50,142,537          |
| Interest on customer wallet balance         | 23.2.2      | 39,542,655          | 20,734,476          |
| Security deposit from distributors & agents |             | 15,725,000          | 15,250,000          |
| Other security deposits                     |             | 5,003,292           | 1,085,368           |
| Others                                      |             | 881,544             | 2,513,976           |
|   |             | <b>413,891,830</b>  | <b>287,354,466</b>  |

23.2.1 Incentive is paid to agents and distributors on opening of customer accounts based on certain criteria. Payment of such incentive for the last four months of the year is held back for further scrutiny.

23.2.2 Customers are paid interest on their wallet balance according to Bangladesh Bank's recommendation. Interest is payable on an average daily balance in a month upon fulfilment of certain criteria.



**23.3 Unearned revenue**

| <i>In Taka</i>                            | 31 December<br>2016 | 31 December<br>2015 |
|---|---------------------|---------------------|
| <b>Airtime top-up</b>                     |                     |                     |
| Robi Axiata Limited                       | 342,015             | 422,305             |
| Airtel Bangladesh Limited                 | -                   | 365,194             |
| Banglalink Digital Communications Limited | 230,467             | 643,887             |
| Grameenphone Limited                      | 434,903             | 1,039,594           |
| Teletalk Bangladesh Limited               | 168,956             | -                   |
|   | <b>1,176,341</b>    | <b>2,470,980</b>    |

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

**24 Other non-current liabilities**

| <i>In Taka</i>  | 31 December<br>2016 | 31 December<br>2015 |
|---|---------------------|---------------------|
| <b>Money in Motion LLC, USA</b>                                     |                     |                     |
| Solution and requirements workshop (Visa Cape Town Proprietary Ltd) | 2,514,308           | 2,514,308           |
| Consultant (Signal Point)   | 4,631,494           | 4,631,494           |
|   | <b>7,145,802</b>    | <b>7,145,802</b>    |

The above amounts represent payments made by Money in Motion LLC, USA to Visa Cape Town Proprietary Limited on behalf of bKash in 2010.

**25 Finance lease liabilities**

See accounting policy in Note 43M

| <i>In Taka</i>                          | 31 December<br>2016 | 31 December<br>2015 |
|---|---------------------|---------------------|
| Finance lease liabilities - non-current | 18,519,200          | -                   |
| Finance lease liabilities - current     | 6,206,558           | -                   |
|   | <b>24,725,758</b>   | <b>-</b>            |

Finance lease liabilities are payable as follows:

| <i>In Taka</i>                                    | Future minimum lease payments |                     | Interest         | Present value of minimum lease payments |                     |
|---|-------------------------------|---------------------|------------------|---|---------------------|
|   | 31 December<br>2016           | 31 December<br>2015 |                  | 31 December<br>2016                     | 31 December<br>2015 |
| Not later than one year                           | 8,429,793                     | -                   | 2,223,236        | 6,206,558                               | -                   |
| Later than one year but not later than five years | 21,049,962                    | -                   | 2,530,763        | 18,519,200                              | -                   |
|   | <b>29,479,755</b>             | <b>-</b>            | <b>4,753,999</b> | <b>24,725,758</b>                       | <b>-</b>            |

The future lease payments might vary which is contingent on changes in future bank interest rates.

The Company has entered into a lease agreement with Eastern Bank Limited for the purchase of motor vehicles. The tenure of the lease is four years and lease rental is paid in monthly instalments. Obligation under finance lease has been recognised as liability in the statement of financial position at an amount equal to the acquisition cost of vehicles which is lower of fair value of leased asset and present value of minimum lease payments at the inception of lease.

**26 Grant funds**

See accounting policy in Note 43L

| <i>In Taka</i>                | Note        | 31 December<br>2016 | 31 December<br>2015 |
|-------------------------------|-------------|---------------------|---------------------|
| Balance at 1 January          |             | 27,155,154          | 125,895,275         |
| Fund received during the year | 26.1        | 69,513,107          | 12,112,002          |
| Interest on grant funds       |             | 1,810,473           | 8,317,885           |
| Utilisation of fund           | 34.1 & 34.2 | (49,014,345)        | (119,170,008)       |
| <b>Balance at 31 December</b> | 26.2        | <b>49,464,389</b>   | <b>27,155,154</b>   |

