

BRAC EPL Stock Brokerage Limited

Auditor's report and financial statements as at
and for the year ended 31 December 2021

**Rahman Rahman Huq****Chartered Accountants**9 & 5 Mohakhali C/A
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Independent Auditor's Report

To the shareholders of BRAC EPL Stock Brokerage Limited

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of BRAC EPL Stock Brokerage Limited ("the Company"), which comprise the statement of financial position as at 31 December 2021, 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 2021, 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.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 21 March 2021.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment 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 and the Securities and Exchange Rules 2020, we also report the following:

- 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.
- d) the expenditure incurred was for the purposes of the Company's business.



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

Dhaka, **13 MAR 2022**


DVC: **2203150509AS795162**

BRAC EPL Stock Brokerage Limited
Statement of financial position

<i>In Taka</i>	<i>Note</i>	31 December 2021	31 December 2020
Assets			
Property, plant and equipment	5	21,627,263	22,874,434
Intangible assets	6	765,648	177,110
Right-of-use assets	7	68,906,307	22,429,091
Investment in exchanges	8	96,986,595	96,986,595
Deferred tax assets	9	9,252,825	-
Non-current assets		197,538,638	142,467,230
Investment in shares	10	415,104,230	406,964,550
Account receivables	11	57,632,461	185,364,830
Intercompany receivables	12	-	885,957
Margin loan receivables	13	268,435,995	162,686,891
Advances, deposits and prepayments	14	20,826,988	15,402,064
Other receivables	15	3,435,361	1,534,916
Cash and cash equivalents	16	1,462,583,457	1,104,663,892
Current assets		2,228,018,492	1,877,503,100
Total assets		2,425,557,130	2,019,970,330
Equity			
Share capital	17	841,144,600	700,953,800
Retained earnings		450,948,202	333,213,071
Revaluation reserve for TREC license	18	87,688,970	87,688,970
Total equity		1,379,781,772	1,121,855,841
Liabilities			
Lease liabilities	19	59,531,199	7,850,139
Non-current liabilities		59,531,199	7,850,139
Liabilities			
Lease liabilities	19	11,905,599	14,504,475
Account payables	20	881,544,714	806,745,322
Intercompany payables	21	-	318,029
Liability for expenses	22	58,780,135	53,010,789
Current tax liabilities	23	34,013,711	15,685,735
Current liabilities		986,244,159	890,264,350
Total liabilities		1,045,775,358	898,114,489
Total equity and liabilities		2,425,557,130	2,019,970,330

The notes on pages 7 to 34 are an integral part of these financial statements.


Chief Executive Officer


Director


Chairperson

As per our report of same date.


Auditor

Dhaka, 13 MAR 2022

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

DVC: 2203150509AS795162

BRAC EPL Stock Brokerage Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December

<i>In Taka</i>	<i>Note</i>	2021	2020
Service revenue	24	714,041,853	397,427,089
Direct expenses	25	(164,509,239)	(108,092,052)
Gross Profit		549,532,614	289,335,037
Investment income	26	29,763,280	116,139,848
Other income	27	15,175	(82,515)
Operating expenses	28	(203,340,424)	(190,316,934)
Operating Profit		375,970,645	215,075,436
Finance income		11,136,669	18,068,819
Finance costs		(7,695,207)	(9,166,969)
Net finance income	29	3,441,462	8,901,850
Profit/(loss) before tax		379,412,107	223,977,286
Income tax expense	30	(121,486,176)	(62,663,943)
Profit for the year		257,925,931	161,313,343

The notes on pages 7 to 34 are an integral part of these financial statements.



Chief Executive Officer



Director



Chairperson

As per our report of same date.

Dhaka, 13 MAR 2022




Auditor

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

DVC: 2203150509AS795162

BRAC EPL Stock Brokerage Limited
Statement of changes in equity
For the year ended 31 December 2021

	Attributable to the owner's of the company			Total
	Share capital	Retained earnings	Revaluation reserve of TREC license	
<i>In Taka</i>				
Balance at 1 January 2020	700,953,800	171,899,728	87,688,970	960,542,498
Total comprehensive income				
Profit for the year	-	161,313,343	-	161,313,343
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	161,313,343	-	161,313,343
Transactions with owners of the Company				
Contributions and distributions				
Issue of ordinary shares	-	-	-	-
Dividends	-	-	-	-
Total transactions with owners of the Company	-	-	-	-
Balance at 31 December 2020	700,953,800	333,213,071	87,688,970	1,121,855,841
Balance at 1 January 2021	700,953,800	333,213,071	87,688,970	1,121,855,841
Total comprehensive income				
Profit for the year	-	257,925,931	-	257,925,931
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	257,925,931	-	257,925,931
Transactions with owners of the Company				
Contributions and distributions				
Issue of ordinary shares- Bonus shares	140,190,800	(140,190,800)	-	-
Dividends	-	-	-	-
Total transactions with owners of the Company	140,190,800	(140,190,800)	-	-
Balance at 31 December 2021	841,144,600	450,948,202	87,688,970	1,379,781,772

The notes on pages 7 to 34 are an integral part of these financial statements.



BRAC EPL Stock Brokerage Limited

Statement of cash flows

For the year ended 31 December

<i>In Taka</i>	2021	2020
Cash flows from operating activities		
Brokerage commission	672,971,031	365,317,598
Payments to creditors and other expenses	(338,258,171)	(260,365,414)
Loans and advances	92,720,243	337,302,790
Cash generated from operating activities	427,433,103	442,254,974
Bank interest income	11,136,668	18,068,818
Income from margin loan	25,704,848	20,772,472
Dividend income	12,767,561	23,197,035
Gain/(loss) on sale of shares	(26,018,096)	(21,360,537)
Other operating income	13,496,671	11,025,288
Income tax paid	(112,411,025)	(63,349,514)
Interest expense on leases	1,963,224	2,606,882
Cash used in other operating activities	(73,360,149)	(9,039,556)
Net cash flows from operating activities	354,072,954	433,215,418
Cash flows from investing activities		
Acquisition of property, plant and equipment	(7,012,072)	(1,804,060)
Acquisition of intangible assets	(787,500)	-
Sale of property, plant and equipment	72,074	1,797,493
Investment in shares	34,874,137	163,269,865
Net cash flows (used)/from investing activities	27,146,639	163,263,298
Cash flows from financing activities		
Payment for lease liabilities	(17,568,046)	(16,543,357)
Finance cost	(5,731,982)	(6,560,088)
Net cash used in financing activities	(23,300,028)	(23,103,445)
Net increase in cash and cash equivalents	357,919,565	573,375,271
Cash and cash equivalents at the beginning of the year	1,104,663,892	531,288,621
Cash and cash equivalents at the end of the year	1,462,583,457	1,104,663,892

The notes on pages 7 to 34 are an integral part of these financial statements.



1 Reporting entity

1.1 Company profile

BRAC EPL Stock Brokerage Limited (hereinafter referred to as the "Company" or "BESL") was incorporated in Bangladesh on 16 May 2000 as a private limited company under the Companies Act 1994 initially in the name of Equity Partners Securities Limited, the name of which was changed to BRAC EPL Stock Brokerage Limited on 04 October 2009. The company converted into a Public Limited Company through its EGM dated 30th January 2018 which subsequently got certified by RJSC on 21 January 2020. The registered office of the Company is located at DSE Annex Building, Dhaka.

1.2 Nature of business

The principal activities of the Company are to carry on the business of stock brokers/stock dealers and other related business in connection with the dealings of listed securities. Other activities of the Company are to buy, sell, hold or otherwise acquire or invest the capital of the Company in shares, stocks and fixed income securities, etc. It has corporate membership of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

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 and the Securities and Exchange Rules 2020 and other applicable laws and regulation in Bangladesh.

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

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

13 MAR 2022

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

3 Functional and presentation currency

Financial statements of the Company are presented in Bangladesh Taka (BDT/Taka/Tk.), which is both functional and presentational currency of the Company. All amounts have been rounded to the nearest Taka, unless otherwise indicated.



4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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 36C Leases

b. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2021 is included in the following notes:

Note 5 and 36A	Property, plant and equipment
Note 6 and 36C	Right-of-use assets
Note 7 and 36B	Intangible assets
Note 23 and 36F	Provision for income tax

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market 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 fall into 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.

Notes to the financial statements (continued)

5 Property, plant and equipment

See accounting policies in Note 36A

In Taka	Office floor space	Furniture and fixtures	Office decoration	Computers and accessories	Air coolers and ceiling fans	Electrical and office equipment	Vehicles	Total
Cost								
Balance at 1 January 2020	10,472,795	10,852,089	52,664,168	42,631,120	14,678,600	17,289,326	7,666,000	156,254,098
Additions	-	-	1,499,562	304,498	-	-	-	1,804,060
Disposals	-	(1,022,392)	(11,357,708)	(7,260,814)	(1,662,176)	(2,799,170)	(4,450,000)	(28,552,260)
Balance at 31 December 2020	10,472,795	9,829,697	42,806,022	35,674,804	13,016,424	14,490,156	3,216,000	129,505,898
Balance at 1 January 2021	10,472,795	9,829,697	42,806,022	35,674,804	13,016,424	14,490,156	3,216,000	129,505,898
Additions	-	1,157,516	2,089,976	2,217,197	1,135,745	411,638	-	7,012,072
Disposals	-	-	-	(412,652)	-	-	-	(412,652)
Balance at 31 December 2021	10,472,795	10,987,213	44,895,998	37,479,349	14,152,169	14,901,794	3,216,000	136,105,318
Accumulated depreciation								
Balance at 1 January 2020	1,938,548	8,792,255	47,058,103	33,360,313	11,945,011	15,037,384	5,200,400	123,332,014
Depreciation	209,460	481,176	2,410,188	4,305,091	1,256,532	666,057	643,200	9,971,704
Disposals	-	(1,022,392)	(9,545,519)	(7,260,364)	(1,662,176)	(2,731,803)	(4,450,000)	(26,672,254)
Balance at 31 December 2020	2,148,008	8,251,039	39,922,772	30,405,040	11,539,367	12,971,638	1,393,600	106,631,464
Balance at 1 January 2021	2,148,008	8,251,039	39,922,772	30,405,040	11,539,367	12,971,638	1,393,600	106,631,464
Depreciation	209,460	473,296	1,703,436	3,323,104	1,313,319	536,532	643,200	8,202,347
Disposals	-	-	-	(355,756)	-	-	-	(355,756)
Balance at 31 December 2021	2,357,468	8,724,335	41,626,208	33,372,388	12,852,686	13,508,170	2,036,800	114,478,055
Carrying amounts								
At 1 January 2020	8,534,247	2,059,834	5,606,065	9,270,807	2,733,589	2,251,942	2,465,600	32,922,084
At 31 December 2020	8,324,787	1,578,658	2,883,250	5,269,764	1,477,057	1,518,518	1,822,400	22,874,434
At 31 December 2021	8,115,327	2,262,878	3,269,790	4,106,961	1,299,483	1,393,624	1,179,200	21,627,263



6 Intangible assets

See accounting policy in Note 36B

<i>In Taka</i>	Software	Total
Cost		
Balance at 1 January 2020	26,015,743	26,015,743
Additions	-	-
Disposals	-	-
Balance at 31 December 2020	26,015,743	26,015,743
Balance at 1 January 2021	26,015,743	26,015,743
Additions	787,500	787,500
Disposals	-	-
Balance at 31 December 2021	26,803,243	26,803,243
Accumulated depreciation		
Balance at 1 January 2020	25,436,270	25,436,270
Amortisation	402,363	402,363
Disposals	-	-
Balance at 31 December 2020	25,838,633	25,838,633
Balance at 1 January 2021	25,838,633	25,838,633
Amortisation	198,962	198,962
Disposals	-	-
Balance at 31 December 2021	26,037,595	26,037,595
Carrying amounts		
At 1 January 2020	579,473	579,473
At 31 December 2020	177,110	177,110
At 31 December 2021	765,648	765,648

7 Right-of-use assets

See accounting policies in Note 36C

<i>In Taka</i>	Amount
Cost	
Balance at 1 January 2020	88,559,501
Additions	6,021,716
Disposals	(36,357,184)
Balance at 31 December 2020	58,224,033
Balance at 1 January 2021	58,224,033
Additions	62,692,641
Disposals	-
Balance at 31 December 2021	120,916,674
Accumulated depreciation	
Balance at 1 January 2020	27,905,304
Depreciation	18,164,286
Disposals	(10,274,648)
Balance at 31 December 2020	35,794,942
Balance at 1 January 2021	35,794,942
Depreciation	16,215,425
Disposals	-
Balance at 31 December 2021	52,010,367
Carrying amounts	
At 1 January 2020	60,654,197
At 31 December 2020	22,429,091
At 31 December 2021	68,906,307

Notes to the financial statements (continued)

8 Investments in exchanges

<i>In Taka</i>	<i>Note</i>	2021	2020
Dhaka Stock Exchange Limited (DSE)	8.1	54,113,295	54,113,295
Chittagong Stock Exchange Limited (CSE)	8.2	42,873,300	42,873,300
		96,986,595	96,986,595

8.1 Dhaka Stock Exchange Limited (DSE)

<i>In Taka</i>	2021	2020
Floated (40%)	28,860,424	28,860,424
Blocked (35%)	25,252,871	25,252,871
	54,113,295	54,113,295

8.2 Chittagong Stock Exchange Limited (CSE)

<i>In Taka</i>	2021	2020
Floated (40%)	17,149,320	17,149,320
Blocked (60%)	25,723,980	25,723,980
	42,873,300	42,873,300

Investments for membership of DSE and CSE were initially recognised at cost of BDT 6,920,500 and BDT 4,107,250, subsequently re-measured in accordance with section 8 (Gha) of the Exchanges Demutualization Act 2013. Both stock exchanges have issued shares against membership with Tk. 10 each. The Company initially recognised 40% value of Investment in DSE (BDT 28,860,424) and CSE (BDT 17,149,320) in 2013 creating a corresponding Suspense Account of the same value. In 2018, the Company recognised the remaining 60% value of both DSE and CSE before receiving the sale proceeds of 25% of DSE shares to Strategic Partner (Chinese Consortium named Shenzhen Stock Exchange and Shanghai Stock Exchange). Membership at cost of both exchanges are adjusted with Revaluation Reserve after derecognising the existing Suspense Account.

<i>Shares issued by</i>	<i>No. of shares</i>	
	2021	2020
Dhaka Stock Exchange Limited (DSE)	5,411,330	5,411,330
Chittagong Stock Exchange Limited (CSE)	4,287,330	4,287,330
	9,698,660	9,698,660

Out of total 11,502,436 shares of DSE (7,215,106) and CSE (4,287,330), 40% shares (4,600,974 for Tk 10 each) was transferred by both the Exchanges to Company's BO account. Remaining 60% shares of both Exchanges (6,901,462) were kept in blocked account for disposal in due course. In 2018, DSE sold 25% shares (1,803,777) to Chinese Consortium, remaining 35% shares of DSE (2,525,287) are kept in blocked account along with 60% shares of CSE.

9 Deferred tax assets

See the accounting policy in Note 36F

<i>In Taka</i>	<i>Carrying amount on reporting date</i>	<i>Tax base</i>	<i>Taxable/ (deductible) temporary difference</i>
At 31 December 2021			
Property, plant and equipment	21,364,730	47,990,661	26,625,931
Intangible fixed Assets	765,648	667,708	(97,940)
Right-of-use assets	67,122,038	-	(67,122,038)
Lease liabilities	(71,436,798)	-	71,436,798
Taxable / (deductible) temporary differences	17,815,618	48,658,369	30,842,751
			30%
Applicable tax rate			9,252,825
Deferred tax assets / (liabilities)			



10 Investment in shares

See accounting policy in Note 36D

<i>In Taka</i>	<i>Note</i>	2021	2020
Investment in securities-IPO	10.1	22,083,930	12,495,900
Investment in securities-strategic fund		39,261,097	34,693,456
Investment in securities- proprietary account	10.2	353,759,203	359,775,194
		415,104,230	406,964,550

10.1 Investment in securities-IPO

Own subscription in IPOs, but shares not yet allotted/credited as at 31 December 2021.

10.2 Investment in securities- proprietary account

<i>In Taka</i>	2021	2020
Investment in quoted shares		
Bank	39,571,979	20,597,712
Engineering	4,077,331	36,935,590
Financial Institution	8,442,000	-
Food & Allied	5,621,000	-
Fuel & Power	58,782,041	142,750,124
Insurance	-	428,593
Paper & Printing	-	10,848,030
Pharmaceuticals & Chemicals	182,162,597	79,836,500
Telecommunication	27,897,569	16,760,839
Travel & Leisure	4,683,710	19,868,322
	331,238,227	328,025,710
Investment in unquoted shares		
Mutual Fund / Growth Fund / Unit Fund	22,520,976	31,749,484
	353,759,203	359,775,194

11 Account receivables

See accounting policy in Note 36I

<i>In Taka</i>	<i>Note</i>	2021	2020
Receivable from clients (broker)		59,256,079	185,389,181
Receivable from exchanges	11.1	4,529,851	9,365,886
Receivable from sub-lease with BEIL		3,660,013	1,217,827
		67,445,943	195,972,894
Provision for bad debts		(9,813,482)	(10,608,064)
		57,632,461	185,364,830

11.1 Receivable from exchanges

<i>In Taka</i>	2021	2020
Dhaka Stock Exchange		
A, B, G & N	-	335,155
Z	4,526,194	7,888,036
	4,526,194	8,223,191
Dhaka stock exchange (dealer)	-	484,200
Chittagong Stock Exchange		
A, B, G & N	-	638,843
Z	3,657	19,652
	3,657	658,495
	4,529,851	9,365,886

12 Intercompany receivables

<i>In Taka</i>	2021	2020
BRAC Bank Limited	-	150,000
BRAC EPL Investment Limited	-	735,957
	-	885,957

13 Margin loan receivables

The amount represents loan entitled to clients against securities. The Company had started margin loan facilities from 1 October 2011. Loan limit to single client is maximum 80% of client's margin.

14 Advances, deposits and prepayments

<i>In Taka</i>	2021	2020
Advances		
Software system	3,509,020	522,472
Salary and allowances	10,346,334	8,106,972
Bank guarantee commission	306,667	383,333
Other advances	1,702,339	1,734,670
	15,864,360	10,747,447
Deposits		
Depository Participator (DP) for CDBL	102,500	102,500
BTCL-land phone	23,705	23,705
Deposit to BRAC EPL Investment Limited	10,752	10,752
Mobile phone	2,000	2,000
Symphony Tower, Gulshan	3,170,100	3,170,100
City Center, Motijheel	844,350	-
	4,153,407	3,309,057
Prepayments		
Prepaid insurance	809,221	550,977
Prepaid VAT	-	794,583
	809,221	1,345,560
	20,826,988	15,402,064

15 Other receivables

<i>In Taka</i>	2021	2020
Accrued interest	1,359,291	1,000,337
Accounts receivable-others	2,076,070	534,579
	3,435,361	1,534,916

16 Cash and cash equivalents

See accounting policy in Note 36I

<i>In Taka</i>	Notes	2021	2020
Cash in hand		121,761	543,634
Cash balance with branches		734,806	720,954
		856,567	1,264,588
Cash at bank			
Consolidate Customers' Account	16.1	1,084,880,412	977,427,079
Operational Account	16.2	29,223,121	12,447,522
Strategic Investment	16.3	1,293,200	1,264,118
IPO Block Account	16.4	879,633	37,653,970
Dealer Account	16.5	80,297,941	12,751,390
Investment in FDRs	16.6	265,152,583	61,855,225
		1,461,726,890	1,103,399,304
		1,462,583,457	1,104,663,892

16.1 Consolidate Customers' Account

<i>In Taka</i>			2021	2020
Bank name	Account Number	Type		
One Bank Limited	13000000558	SND	828,175,579	663,666,010
Standard Chartered Bank	01-7503024-02	Current	230,914,239	288,395,986
The City Bank Limited	3102159661001	SND	25,790,594	25,365,083
			1,084,880,412	977,427,079



16.2 Operational Account

<i>In Taka</i>			2021	2020
Bank name	Account Number	Type		
Standard Chartered Bank	01-7503024-01	Current	6,516,456	(2,343,954)
BRAC Bank Limited	1513201363499001	Current	7,556,213	612,801
BRAC Bank Limited	1513101363499001	STD	10,350,713	9,408,072
BRAC Bank Limited	1513201363499002	Current	4,355,059	4,348,633
BRAC Bank Limited	1513101363499002	STD	422,883	421,970
BRAC Bank Limited	1501201363499001	Current	3,155	-
BRAC Bank Limited	1513201363499004	Current	18,642	-
			29,223,121	12,447,522

16.3 Strategic Investment

<i>In Taka</i>			2021	2020
Bank name	Account Number	Type		
BRAC Bank Limited	1501201363499002	Current	1,293,200	1,264,118
			1,293,200	1,264,118

16.4 IPO Block Account

<i>In Taka</i>			2021	2020
Bank name	Account Number	Type		
Standard Chartered Bank	02-7503024-03	SND	879,633	37,653,970
			879,633	37,653,970

16.5 Dealer Account

<i>In Taka</i>			2021	2020
Bank name	Account Number	Type		
Standard Chartered Bank	01-7503024-03	Current	80,194,260	12,101,712
Standard Chartered Bank	02-7503024-02	SND	103,681	649,678
			80,297,941	12,751,390

16.6 Investment in FDRs

<i>In Taka</i>			2021	2020
Bank name	Account Number			
BRAC Bank Limited	1513301363499005		14,462,020	13,952,745
BRAC Bank Limited	1513301363499007		201,350,000	-
Standard Chartered Bank	97503024001		22,267,294	21,673,969
Standard Chartered Bank	97503024002		7,277,188	7,083,283
Jamuna Bank Limited	0024-0330021008		9,481,081	9,145,228
The Padma (Farmers) Bank Limited	124400017244		10,315,000	10,000,000
			265,152,583	61,855,225

The terms and conditions of the overdraft from BRAC Bank Limited are as follows:

Loan limit	:	BDT 500,000,000.00 (BDT Five Hundred Million) only.
Repayment procedure:	:	From operational cash flow/or own sources of borrower.
Maximum tenor	:	180 days (maximum from date of each disbursement)
Purpose	:	To meet daily settlement requirement and margin for exceeding Dhaka Stock Exchange (DSE)/ Chittagong Stock Exchange (CSE) daily trading limit.
Interest rate	:	8%
Expiry	:	29 September 2022

The terms and conditions of the overdraft from Standard Chartered Limited are as follows:

Loan limit	:	BDT 200,000,000.00 (BDT Two Hundred Million) only.
Repayment procedure:	:	From operational cash flow/or own sources of borrower.
Maximum tenor	:	180 days (maximum from date of each disbursement)
Purpose	:	To meet daily settlement requirement and margin for exceeding Dhaka Stock Exchange (DSE)/ Chittagong Stock Exchange (CSE) daily trading limit.
Interest rate	:	8%
Expiry	:	30 March 2022



Notes to the financial statements (continued)

17 Share capital

<i>In Taka</i>	No. of shares		Amount in BDT	
	2021	2020	2021	2020
Authorised				
Authorised (par value of Tk. 100 each)	10,000,000	10,000,000	1,000,000,000	1,000,000,000
Paid up				
Ordinary shares (par value of Tk. 100 each)	7,009,538	7,009,538	700,953,800	700,953,800
Add: Bonus share issued	1,401,908	-	140,190,800	-
	8,411,446	7,009,538	841,144,600	700,953,800

Percentage of shareholdings

<i>In Taka</i>	No. of shares	%	2021	2020
BRAC Bank Limited	7,570,249	89.9994%	757,024,900	630,854,100
Mr. Saiful Islam	841,145	10.0000%	84,114,500	70,095,400
BRAC	4	0.0000%	400	300
Ms. Nihad Kabir	-	0.0000%	-	1,000
Mr. Selim R. F. Hussain	12	0.0001%	1,200	1,000
Mr. Shib Narayan Kairi	-	0.0000%	-	1,000
Ms. Tamara Hasan Abed	12	0.0001%	1,200	1,000
Dr. Zahid Hussain	12	0.0001%	1,200	-
Mr. Mohammad Masud Rana	12	0.0001%	1,200	-
	8,411,446	100%	841,144,600	700,953,800

18 Revaluation reserve for TREC license

<i>In Taka</i>	2021	2020
Revaluation Reserve for TREC License-DSE	48,922,920	48,922,920
Revaluation Reserve for TREC License-CSE	38,766,050	38,766,050
	87,688,970	87,688,970

Investments for membership was initially recognised at cost and was subsequently remeasured in accordance with section 8 (Gha) of the Exchanges Demutualisation Act 2013, both stock exchanges have issued shares against membership with Tk. 10 each. Surplus arising from changes in the value of investment for membership are transferred to Revaluation Reserve for TREC License.



Notes to the financial statements (continued)

19 Lease liabilities

See accounting policy in Note 36C

<i>In Taka</i>	2021	2020
Current	11,905,599	14,504,475
Non-current	59,531,199	7,850,139
	71,436,798	22,354,614

19.1 Movement of lease liabilities

<i>In Taka</i>	2021	2020
Opening	22,354,614	53,745,026
Addition during the year	64,687,007	5,890,648
Interest expense on leases	1,963,224	2,606,882
Payment of lease instalments	(17,568,046)	(16,543,357)
Disposal / termination of leases	-	(23,344,585)
	71,436,799	22,354,614

20 Account payables

<i>In Taka</i>	Note	2021	2020
Payable to clients	20.1	779,716,997	581,557,828
Payable to exchanges	20.2	59,583,322	148,853,894
Payable to Issuer (IPO)		27,120,000	76,333,600
Interest payable to clients		15,124,395	-
		881,544,714	806,745,322

20.1 Payable to clients

This balance represents the clients' sale proceeds of shares and deposits against share purchase which is currently lying with the company's Consolidated Customers bank A/C.

20.2 Payable to exchanges

<i>In Taka</i>	2021	2020
Dhaka Stock Exchange		
ABG&N	55,683,377	147,951,858
Z	3,179,933	902,036
	58,863,310	148,853,894
Chittagong Stock Exchange		
ABG&N	587,455	-
Z	132,557	-
	720,012	-
	59,583,322	148,853,894



Notes to the financial statements (continued)

21 Intercompany payables

<i>In Taka</i>	2021	2020
BRAC EPL Investment Limited	-	267,439
BRAC IT Services Limited	-	50,590
	-	318,029

22 Liability for expenses

<i>In Taka</i>	2021	2020
Performance bonus	40,202,252	29,967,484
CDBL BO maintenance fees	-	6,428,451
Withholdings tax and VAT	5,538,694	519,681
Legal and professional fees	289,000	45,000
Office rent	85,500	-
Audit fee	288,000	232,038
Electricity bills	223,445	232,993
CDBL charges	1,051,949	1,326,523
Repair and office maintenance	101,617	95,071
Telephone and mobile bills	153,374	116,550
Utilities and outsources	39,258	34,777
Salary and allowance	614,699	934,208
Trading expenses payable	7,551,620	12,945,413
Advertisement & publicity expenses	116,237	132,600
Other payables	2,524,490	-
	58,780,135	53,010,789

23 Current tax liabilities

See accounting policy in Note 36F

<i>In Taka</i>	Note	2021	2020
Advance income tax	23.1	690,520,991	582,423,588
Provision for tax	23.2	(724,534,702)	(598,109,323)
		(34,013,711)	(15,685,735)

23.1 Advance income tax

<i>In Taka</i>	2021	2020
Balance at 1 January	582,423,588	519,074,074
Deposits including deductions at source	112,411,025	63,349,514
Adjustments made for previous year	(4,313,622)	-
	690,520,991	582,423,588

23.2 Provision for tax

<i>In Taka</i>	2021	2020
Balance at 1 January	598,109,323	535,445,379
Provision made during the year	130,739,001	62,663,944
Adjustments made for previous year	(4,313,622)	-
	724,534,702	598,109,323



Notes to the financial statements (continued)

24 Service revenue

<i>In Taka</i>	<i>Note</i>	2021	2020
Brokerage commission	24.1	672,971,031	365,317,599
Income from margin loan		25,704,848	20,772,472
Annual account maintenance fees		4,784,750	4,833,250
BO account renewal fees		1,973,950	1,555,349
Advisory income		2,637,931	2,148,156
IPO Service Charge		549,845	339,515
BO account opening fees		715,850	775,800
Sale of BO form		186,150	176,900
Cheque dishonour charges		2,183,726	1,390,920
Other charges		2,333,772	117,128
		714,041,853	397,427,089

24.1 Brokerage commission

<i>In Taka</i>	2021	2020
Brokerage commission- DSE (broker)	650,334,578	354,773,149
Brokerage commission- DSE (dealer)	2,195,572	448,585
Brokerage commission- CSE (broker)	20,440,881	10,095,865
	672,971,031	365,317,599

25 Direct expenses

<i>In Taka</i>	<i>Note</i>	2021	2020
Transaction cost	25.1	49,494,526	24,337,522
CDBL charges		18,532,517	8,391,803
Trading expense		96,482,196	75,362,728
		164,509,239	108,092,053

25.1 Transaction cost

<i>In Taka</i>	2021	2020
Howla-DSE (broker)	-	13,700
Laga-DSE (broker)	48,478,592	23,941,181
Laga-DSE (dealer)	332,129	73,485
Laga-CSE (broker)	683,805	309,156
	49,494,526	24,337,522



Notes to the financial statements (continued)

26 Investment income

<i>In Taka</i>	<i>Note</i>	2021	2020
Realised gain/(loss)	26.1	(26,018,096)	(21,360,537)
Unrealised gain/(loss) on investment	26.2	43,013,815	114,303,350
Dividend income	26.3	12,767,561	23,197,035
		29,763,280	116,139,848

26.1 Realised gain/(loss)

<i>In Taka</i>	2021	2020
Gain/(loss) on proprietary trading (dealer)	(29,000,088)	(21,515,255)
Gain/(loss) on strategic investment	2,981,992	154,718
	(26,018,096)	(21,360,537)

26.2 Unrealised gain/(loss) on investment

<i>In Taka</i>	2021	2020
Unrealised gain/(loss) on proprietary trading (dealer)	41,427,715	109,320,068
Unrealised gain/(loss) on strategic investment	1,586,100	4,983,282
	43,013,815	114,303,350

26.3 Dividend income

<i>In Taka</i>	<i>Note</i>	2021	2020
Dividend income from investment in exchanges	26.3.1	3,767,064	4,849,330
Dividend income from proprietary trading (dealer)		8,950,997	16,767,205
Dividend income from strategic investment		49,500	1,580,500
		12,767,561	23,197,035

26.3.1 Dividend income from investment in exchanges

<i>In Taka</i>	2021	2020
Dhaka Stock Exchange Limited (DSE)	1,623,399	2,705,665
Chittagong Stock Exchange Limited (CSE)	2,143,665	2,143,665
	3,767,064	4,849,330

27 Other income

<i>In Taka</i>	2021	2020
Gain/(loss) on sale of fixed assets	15,175	(82,515)
	15,175	(82,515)



Notes to the financial statements (continued)

28 Operating expenses

<i>In Taka</i>	<i>Note</i>	2021	2020
Administrative expenses	28.1	171,645,352	167,015,225
Other operating expenses	28.2	31,695,072	23,301,709
		203,340,424	190,316,934

28.1 Administrative expenses

<i>In Taka</i>	<i>Note</i>	2021	2020
Salary and allowances	28.1.1	133,890,973	125,743,953
Depreciation on PPE	5	8,202,347	9,971,704
Depreciation on right of use assets	7	16,215,425	18,164,286
Amortisation of intangible assets	6	198,962	402,363
Internet bills		2,239,771	2,466,422
Outsourcing expenses		7,459,998	7,225,646
Insurance		1,510,696	1,717,450
Networking expenses		1,329,493	598,670
DSE, CSE and BSEC charges		597,687	724,731
		171,645,352	167,015,225

28.1.1 Salary and allowances

<i>In Taka</i>	2021	2020
Salary and allowances	126,061,602	116,208,905
Provident fund contribution	4,873,737	4,957,351
Gratuity fund contribution	2,955,634	4,577,697
	133,890,973	125,743,953

28.2 Other operating expenses

<i>In Taka</i>	2021	2020
Utility expenses	4,023,656	3,763,683
Entertainment	2,515,781	945,787
Office maintenance	2,502,584	2,962,272
Telephone and mobile bills	1,129,961	1,339,441
Printing & stationery and photocopy	1,481,662	524,751
Business promotional expenses	3,257,079	1,150,842
Advertisement	1,114,635	825,550
Fuel, lubricants and car maintenance	460,204	692,738
Board meeting fees	683,856	447,008
Travel and conveyance	1,329,478	954,748
Postage and courier	131,323	72,715
Professional fees	2,215,213	789,300
Repair and software maintenance	3,444,564	3,241,153
Fees & subscriptions and license & renewal	2,955,168	965,681
News paper, books and periodicals	11,936	49,725
Audit fee	368,000	232,038
Reward and recognition	280,000	565,007
VAT expenses on lease rental/office rent	2,926,013	2,611,879
Other expenses	863,959	1,167,391
	31,695,072	23,301,709



Notes to the financial statements (continued)

29 Net finance income

<i>In Taka</i>	2021	2020
Finance income		
Interest income from FDR investment	4,026,018	3,500,144
Interest income from SND/STD bank accounts	214,585	566,309
Interest income from consolidated customer bank accounts	21,779,408	12,010,341
Interest received from DSE for security deposit & strategic fund	-	1,498,017
Interest on employees' car loan	154,875	317,936
Interest Income on Sub-lease with BEIL	86,178	176,072
	26,261,064	18,068,819
Less: Interest payable to clients' *	(15,124,395)	-
	11,136,669	18,068,819
Financial expenses		
Bank guarantee commission	4,216,667	5,021,672
Bank interest, charges and commission	1,515,316	1,538,415
Finance charge (Interest expense- Lease Rent)	1,963,224	2,606,882
	7,695,207	9,166,969
	3,441,462	8,901,850

* As per BSEC directive no.-BESC/CMRRCD/2009-193/21 dated 21 June 2021, this balance payable to the clients' which is currently lying with the company's Consolidated Customers bank A/C.

30 Income tax expense

See accounting policy in Note 36F

<i>In Taka</i>	Note	2021	2020
Tax on brokerage commission	30.1	103,052,481	51,700,450
Tax other than brokerage commission		27,686,520	10,963,493
Adjustment for completion of assessment		-	-
		130,739,001	62,663,943
Deferred tax income		(9,252,825)	-
		121,486,176	62,663,943

30.1 Tax on brokerage commission

<i>In Taka</i>	2021	2020
Dhaka Stock Exchange (broker)	98,576,129	50,031,955
Dhaka Stock Exchange (dealer)	731,857	149,420
Chittagong Stock Exchange (broker)	3,744,495	1,519,075
	103,052,481	51,700,450

The amount has been deducted by Dhaka Stock Exchange Limited (DSE) & Chittagong Stock exchange Limited (CSE) from the transaction amount as per section 53BBB of the Income Tax Ordinance 1984.



31 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 the 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:

<i>In Taka</i>	<i>Note</i>	Carrying amount	
		2021	2020
Investment in shares	10	415,104,230	406,964,550
Account receivables	11	57,632,461	185,364,830
Margin loan receivables	13	268,435,995	162,686,891
Other receivables	15	3,435,361	1,534,916
Cash and cash equivalents	16	1,462,583,457	1,104,663,892
		1,792,087,274	1,454,250,529

(b) Aging of operational and other receivables

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

<i>In Taka</i>	<i>Note</i>	Carrying amount	
		2021	2020
Neither past due nor impaired	11	57,632,461	185,364,830
Past due 1 - 30 days		-	-
Past due 31 - 90 days		-	-
Past due 91 - 120 days		-	-
Past due 121 - 360 days		-	-
Past due 361 + days		-	-
		57,632,461	185,364,830



Notes to the financial statements (Continued)

(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 2021

In Taka	Note	Carrying amount	Contractual cash flows					
			Total	2 months or less	2-12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities								
Lease liabilities	19	71,436,798	71,436,798	1,966,362	9,939,237	13,727,258	45,803,941	-
Account payables	20	881,544,714	86,703,321	86,703,321	-	-	-	-
Intercompany payables	21	-	-	-	-	-	-	-
Liability for expenses	22	58,780,130	78,629,366	78,629,366	-	-	-	-
		1,011,761,642	236,769,485	167,299,049	9,939,237	13,727,258	45,803,941	-
Derivative financial liabilities								
		-	-	-	-	-	-	-
		1,011,761,642	236,769,485	167,299,049	9,939,237	13,727,258	45,803,941	-

31 December 2020

In Taka	Note	Carrying amount	Contractual cash flows					
			Total	2 months or less	2-12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities								
Lease liabilities	19	22,354,614	22,354,614	2,486,920	12,017,555	3,915,790	3,934,349	-
Account payables	20	806,745,322	225,187,494	225,187,494	-	-	-	-
Intercompany payables	21	318,029	-	-	-	-	-	-
Liability for expenses	22	53,010,788	63,618,853	63,618,853	-	-	-	-
		882,428,753	311,160,961	291,293,267	12,017,555	3,915,790	3,934,349	-
Derivative financial liabilities								
		-	-	-	-	-	-	-
		882,428,753	311,160,961	291,293,267	12,017,555	3,915,790	3,934,349	-



(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.

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:

position date is as follows:

In Taka	Note	Nominal Amount	
		2021	2020
Fixed rate instruments			
Financial assets			
Fixed deposits	16	265,152,583	61,855,225
Financial liabilities		-	-
		265,152,583	61,855,225
Variable rate instruments			
Financial assets			
Cash at banks	16	1,196,574,307	1,041,544,079
Financial liabilities			
Lease liabilities	19	71,436,799	22,354,614
		1,268,011,106	1,063,898,693



Notes to the financial statements (Continued)

v) Financial instruments - fair values and risk management

See the accounting policy in Note 36I

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 2021

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								
Investment in shares	10	-	415,104,230	-	-	-	-	415,104,230
Financial assets not measured at fair value								
Account receivables	11	-	-	-	-	57,632,461	-	57,632,461
Margin loan receivables	13	-	-	-	-	268,435,995	-	268,435,995
Cash and cash equivalents	16	-	-	-	-	1,462,583,457	-	1,462,583,457
		-	415,104,230	-	-	1,788,651,913	-	2,203,756,143
Financial liabilities measured at fair value								
Financial liabilities not measured at fair value								
Account payables	20	-	-	-	-	-	881,544,714	881,544,714
Liability for expenses	22	-	-	-	-	-	58,780,130	58,780,130
Lease liabilities	19	-	-	-	-	-	71,436,798	71,436,798
		-	-	-	-	-	1,011,761,642	1,011,761,642



Notes to the financial statements (Continued)

31 December 2020

31 December 2020		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								
Investment in shares	10	-	406,964,550	-	-	-	-	406,964,550
Financial assets not measured at fair value								
Account receivables	11	-	-	-	-	185,364,830	-	185,364,830
Margin loan receivables	13	-	-	-	-	162,686,891	-	162,686,891
Cash and cash equivalents	16	-	-	-	-	1,104,663,892	-	1,104,663,892
		-	406,964,550	-	-	1,452,715,613	-	1,859,680,163
Financial liabilities measured at fair value								
Financial liabilities not measured at fair value								
Account payables	20	-	-	-	-	-	806,745,322	806,745,322
Liability for expenses	22	-	-	-	-	-	53,010,789	53,010,789
Intercompany payables	21	-	-	-	-	-	318,029	318,029
Lease liabilities	19	-	-	-	-	-	22,354,614	22,354,614
		-	-	-	-	-	882,428,754	882,428,754



Notes to the financial statements (Continued)

32 Contingencies and commitments

a) Contingencies

See accounting policy in Note 36G

There is no contingent liability at the end of the year (2020: Nil).

b) Commitments

A bank guarantee amounting to Tk. 950,000,000 was issued in favour of DSE and BDT 50,000,000 was issued in favour of CSE for the purpose of share trading. (2020: A bank guarantee amounting to Tk. 950,000,000 was issued in favour of DSE and BDT 50,000,000 was issued in favour of CSE for the purpose of share trading.)

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 90% 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:

<i>In Taka</i>	2021	2020
Board meeting attendance fee	683,856	447,008
	683,856	447,008

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

(c) Other related party transactions

<i>In Taka</i>	Transaction values for the year ended		Balance outstanding as at	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<u>Parent and ultimate controlling party</u>				
BRAC Bank Limited				
- Advisory service	(150,000)	-	-	150,000
<u>Others</u>				
BRAC EPL Investments Limited				
- Rental and other operating expense	(468,518)	489,331	-	468,518
BRAC IT Services Limited				
- IT service	(50,590)	-	-	50,590

34 Other disclosures

34.1 Number of employees

As at 31 December 2021, number of regular employees receiving remuneration of Taka 36,000 or above per annum was 113 (31 December 2020: 112).

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.

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

i) Amounts recognised in profit or loss

<i>In Taka</i>	2021	2020
Interest on leases	1,963,224	2,606,882
Depreciation on leased assets	16,215,425	18,164,286
	18,178,649	20,771,168

ii) Amounts recognised in statement of cash flows

<i>In Taka</i>	2021	2020
Total cash outflow for leases	(17,568,046)	(16,543,357)
	(17,568,046)	(16,543,357)

34.4 Subsequent events

The Board of Directors of BRAC EPL Stock Brokerage Limited at its 101st Board Meeting held on March 10, 2022, recommended to the shareholders a stock dividend @ 20% based on financial performance of 2021. This will be considered for approval by the shareholders at the 22nd Annual General Meeting (AGM).

34.5 Reporting period

The financial statements of the Company covers the year from 1 January to 31 December and it is followed consistently. These financial statements cover period from 1 January 2021 to 31 December 2021.

34.6 Basis of measurement

The financial statements have been prepared on going concern basis under the historical cost convention.

34.7 Going concern

The Company has adequate resources to continue in operation for the foreseeable future. For this reason the management continues to adopt going concern basis in preparing the financial statements. The current resources of the Company provide sufficient fund to meet the present requirements of its existing business.

35 Impact of COVID 19

Following the declaration of COVID-19 as a pandemic by the World Health Organization (WHO) on 11 March 2020, and 26 March 2020, the Government of Bangladesh took restrictive measures to contain further spread of the virus affecting free movement of people and goods till 30 May 2020. To control the second wave of the virus, the Government of Bangladesh again imposed lockdown from 4 April 2021 to 10 August 2021.

The Company is permitted to continue its operations whilst the restrictive measures remain in force. Hence, the overall impact of the pandemic on the Company's operations is currently not expected to be significant.

As of the date of these financial statements, no material impact has been identified by management on the Company's financial position, results of operations and cash flows and as such the Management has decided to continuously monitor, evaluate and measure the impacts on operations by remaining alert to the changing pandemic situations.

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 Property, plant and equipment
- B Intangible assets
- C Leases
- D Investment
- E Provisions
- F Taxation
- G Contingencies
- H Revenue recognition
- I Financial Instruments

A Property, plant and equipment

Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner. The cost of self constructed asset includes the cost of material, direct labor and any other cost directly attributable to bringing the assets to a working condition for their intended use.

Subsequent costs

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

Depreciation

The company uses straight line method for charging depreciation. Full month depreciation is charged on additions irrespective of date of its acquisition whereas no depreciation is charged in the month of disposal. The rates of depreciation on various classes of property, plant and equipment are as under:

Name of the assets	2021	2020
	Rates (%)	Rates (%)
Office floor space	2%	2%
Furniture and fixture	12.50%	12.50%
Office decoration	15%	15%
Computers and accessories	25%	25%
Air cooler and ceiling fans	20%	20%
Electrical and office equipment	20%	20%
Vehicles	20%	20%



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 by the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

B Intangible assets

Recognition and measurement

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be measured reliably.

Intangible assets comprise the value of computer software. An intangible asset is measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and accumulated impairment losses (if any).

Amortisation of intangible assets

Amortisation is recognised in the Statement of Profit or Loss and Other Comprehensive Income on straight line basis from the date that they are available for use. Amortisation on intangible assets is charged for the full month from the month of acquisition. In case of disposals, amortisation is charged up to the immediate previous month of disposal. Amortisation is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives based on the management best estimates of 3 years. The rate of amortisation is 33.33% per annum for software. Amortisation methods and amortisation rate are reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits in the specifications to which it relates. All other expenditures are expensed as incurred.

C Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

— the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

— the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

— the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.



i. As a lessee

The Company recognises a right-of-use asset and a lease liability for its office rent agreements at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

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, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-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.

When measuring lease liabilities, The company discounted lease payments using its incremental borrowing rate (9%) at 1 January 2021.

Short-term leases and leases of low-value assets

Currently the Company has no such short-term lease or lease of low value asset. The Company will not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company will recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term as applicable.

ii. As a lessor

The company provides space to BRAC EPL Investments Limited, subsidiary of BRAC Bank for facilitating business activities in return of a monthly payment under an agreement.

D Investment

The listed securities are valued at the closing quoted market price only on the Dhaka Stock Exchange on the date of valuation i.e. on 31 December 2021. Resultant unrealised gain/(loss) is calculated on portfolio basis. The Company shall categorise the investments either as "fair value through profit or loss" or as "fair value through other comprehensive income" as it deems prudent according to the provisions of IFRS-9. However, for those IPO shares the trading of which not yet started are shown at cost price.



E Provisions

The company recognises provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

F Taxation

a) Current tax

Current tax has been made on the basis of the Finance Act 2021. Income tax withheld from the transactions of traded securities in accordance with section 53BBB @ 0.05% is the minimum tax of the Company under section 82C of Income Tax Ordinance (ITO) 1984. Income tax provision is made on capital gains on sale of shares of listed company @ 10% as per SRO No. 269/Law/Income Tax/2010 dated 1 July 2010 whereas it is @ 30% on other than Brokerage income as per tax laws.

b) Deferred tax:

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. The deferred tax asset/income or liability/expense does not create a legal obligation to, or recoverability from, the income tax authority.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

G Contingencies

Contingencies arising from claims, litigation assessments, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured.

Contingent liabilities

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.

Contingent liability should not be recognised in the financial statements, but may require disclosure. A provision should be recognised in the period in which the recognition criteria of provision have been met.

Contingent assets

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.

A contingent asset must not be recognised. Only when the realisation of the related economic benefit is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.



H Revenue recognition

Revenue is only recognised when the company satisfies a performance obligation in the contract with a customer and when it meets five steps model framework as per IFRS 15. Details of revenue recognition policies are given as under:

- (i) Brokerage commission is recognised as income when selling or buying orders are executed.
- (ii) Interest income on FDR and STD accounts is recognised when accrued.
- (iii) Interest Income from margin loan is recognised on accrual basis. Such income is calculated on daily margin loan balance of the respective parties. Income is recognised on monthly basis and applied to the customers' account on quarterly basis.
- (iv) Cash dividend income is recognised on the declaration of dividend and subsequent receipt of such dividend; and
- (v) Stock dividend (bonus shares) have been recognised at zero cost and added with existing shares resulted decrease in per unit cost price of the existing shares.
- (vi) Capital gains on sale of shares are recognised both on realisation and unrealisation.

Cost of services

Cost of services includes laga and howla charges of stock exchanges booked on daily basis as per trading after receiving the trade reports and the charges of Central Depository Bangladesh Ltd. (CDBL) booked on monthly basis, after receiving the bills from CDBL.

I Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In accordance with International Financial Reporting Accounting Standard (IFRS) 9, financial assets may be recognised at fair value, with gain and losses taken to the income statement in net investment income. A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term.

Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Account receivables

Accounts receivables consist mainly of net receivables from Exchanges and clients broker for daily sale and buy transactions of clients. These are cleared every 3 working days.



Investment in quoted and unquoted securities

The company invests in quoted securities, traded on the secondary capital market in Bangladesh. At the reporting date these are recognised at market value and/or NAV (in case of unquoted and open end mutual fund) on aggregate basis. As per IFRS 9: Financial Instruments, these have been classified as fair value through profit or loss where gains or losses arising from a change in the fair value of such financial assets are recognised in the statement of comprehensive income.

Other receivables

Other receivable consists of FDR interest receivable and receivable from employees regarding of advance payment of provident fund amount.

Margin loan to clients

Margin loans are given as per margin loan policy of the Company. Normally clients are required to deposit Taka 15 lac for entitlement of margin loan.

Financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially 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, cancelled or expired. Financial liabilities include finance lease obligations, loans and borrowings, accounts payables and other payables.

37 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

- a) Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- b) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- c) Other standards

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

- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).

