

**BRAC EPL Investments Limited**

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



**Rahman Rahman Huq**  
Chartered Accountants  
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## Independent Auditor's Report

To the shareholders of BRAC EPL Investments Limited

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

#### ***Opinion***

We have audited the financial statements of BRAC EPL Investments 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 22 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 scepticism 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.

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

Dhaka,

DVC:

BRAC EPL Investments Limited  
Statement of financial position

<i>In Taka</i>	<i>Note</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Assets</b>			
Property, plant and equipment	5	9,527,894	9,122,579
Intangible assets	6	-	200,029
Right-of-use assets	7	3,094,166	6,520,810
Deferred tax assets	8	207,934,376	283,711,094
<b>Non-current assets</b>		<b>220,556,436</b>	<b>299,554,512</b>
Account receivables	9	28,764,319	27,660,186
Intercompany receivables	10	-	267,439
Investments in securities	11	1,018,842,981	1,048,344,047
Current tax assets	12	26,478,858	26,235,106
Loans and advances to customers	13	289,309,374	638,535,533
Accrued interest and management fees receivables	14	22,064,675	306,655,209
Advances, deposits and prepayments	15	1,760,762	1,914,046
Cash and cash equivalents	16	215,983,749	14,440,818
<b>Current assets</b>		<b>1,603,204,718</b>	<b>2,064,052,384</b>
<b>Total assets</b>		<b>1,823,761,154</b>	<b>2,363,606,896</b>
<b>Equity</b>			
Share capital	17	2,585,000,000	2,585,000,000
Share premium		436,825,951	436,825,951
Retained earnings		(1,984,938,405)	(2,231,889,285)
<b>Total equity</b>		<b>1,036,887,546</b>	<b>789,936,666</b>
<b>Liabilities</b>			
Lease liabilities	18	3,143,081	3,781,320
<b>Non-current liabilities</b>		<b>3,143,081</b>	<b>3,781,320</b>
<b>Liabilities</b>			
Customer deposits	19	154,173,011	79,536,443
Bank overdrafts	20	590,713,887	798,660,711
Short term loans	21	-	640,000,000
Account payables	22	6,698,571	18,809,802
Other liabilities	23	31,401,658	29,024,754
Lease liabilities		743,400	3,353,677
Intercompany payables	24	-	503,523
<b>Current liabilities</b>		<b>783,730,527</b>	<b>1,569,888,910</b>
<b>Total liabilities</b>		<b>786,873,608</b>	<b>1,573,670,230</b>
<b>Total equity and liabilities</b>		<b>1,823,761,154</b>	<b>2,363,606,896</b>

The notes on pages 7 to 30 are an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairperson

As per our report of same date.

Dhaka,

Auditor

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

DVC:

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

<i>In Taka</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
Revenue	25	641,475,831	247,278,427
Direct expenses	26	(92,860,345)	(149,998,209)
<b>Gross Profit</b>		<b>548,615,486</b>	<b>97,280,218</b>
Operating expenses	27	(217,800,965)	(49,036,204)
Other Income	28	215,448	176,499
<b>Operating Profit</b>		<b>331,029,969</b>	<b>48,420,513</b>
Finance income		446,013	47,013
Finance costs		(955,040)	(942,229)
<b>Net finance costs</b>	29	<b>(509,027)</b>	<b>(895,216)</b>
<b>Profit before tax</b>		<b>330,520,942</b>	<b>47,525,297</b>
Income tax expense	30	(83,570,062)	(3,303,507)
<b>Profit for the year</b>		<b>246,950,880</b>	<b>44,221,790</b>

The notes on pages 7 to 30 are an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairperson

As per our report of same date.

Dhaka,

Auditor

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

DVC:

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

In Taka	Attributable to the owner's of the company			Total
	Share capital	Share premium	Retained earnings	
<b>Balance at 1 January 2020</b>	2,585,000,000	436,825,951	(2,276,111,075)	745,714,876
<b>Total comprehensive income</b>				
Profit for the year	-	-	44,221,790	44,221,790
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	44,221,790	44,221,790
<b>Transactions with owners of the Company</b>				
<b>Contributions and distributions</b>				
Issue of ordinary shares	-	-	-	-
Dividends	-	-	-	-
<b>Total transactions with owners of the Company</b>	-	-	-	-
<b>Balance at 31 December 2020</b>	2,585,000,000	436,825,951	(2,231,889,285)	789,936,666
<b>Balance at 1 January 2021</b>	2,585,000,000	436,825,951	(2,231,889,285)	789,936,666
<b>Total comprehensive income</b>				
Profit for the year	-	-	246,950,880	246,950,880
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	246,950,880	246,950,880
<b>Transactions with owners of the Company</b>				
<b>Contributions and distributions</b>				
Issue of ordinary shares	-	-	-	-
Dividends	-	-	-	-
<b>Total transactions with owners of the Company</b>	-	-	-	-
<b>Balance at 31 December 2021</b>	2,585,000,000	436,825,951	(1,984,938,405)	1,036,887,546

The notes on pages 7 to 30 are an integral part of these financial statements.



BRAC EPL Investments Limited  
Statement of cash flows  
For the year ended 31 December

<i>In Taka</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>			
Profit before tax		330,520,942	47,525,297
Adjustments for:			
– Depreciation	5	2,474,776	2,396,982
– Amortisation of intangible assets	6	200,029	316,204
– Disposal (gain)/loss of fixed assets	28	(46,248)	(152,499)
– Depreciation of right-of-use assets	7	3,426,644	6,158,365
– Interest expense	18.1	587,184	765,137
– Fair value adjustments for fall in values of investment in securities	25.2.1	(209,675,163)	(168,122,345)
		<b>(203,032,778)</b>	<b>(158,638,156)</b>
Changes in:			
– Loans and advances to customers	13	349,226,159	(3,971,474)
– Accrued interests and management fees receivables	14	284,590,534	7,223,926
– Account receivables	9	(1,104,133)	(9,563,760)
– Advances, deposits and prepayments	15	153,284	(30,244,906)
– Intercompany receivables	10	267,439	(131,373)
– Customer deposits	19	74,636,568	(5,318,130)
– Account payables	22	(12,111,231)	12,022,518
– Intercompany payables	24	(503,523)	(590,392)
– Other liabilities	23	2,376,904	16,008,249
Cash generated from operating activities		697,532,001	(14,565,342)
Income taxes paid	12	(8,037,094)	(5,148,755)
<b>Net cash from/(used in) operating activities</b>		<b>816,983,071</b>	<b>(130,826,956)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	5	(2,880,091)	(5,039,782)
Proceeds from sale of property, plant and equipment		46,248	152,499
Sale/(purchase) of investment securities		239,176,228	44,941,268
<b>Net cash used in investing activities</b>		<b>236,342,385</b>	<b>40,053,985</b>
<b>Cash flows from financing activities</b>			
Payment for lease liabilities	18	(3,835,701)	(6,057,308)
Receipt/(repayment) of bank overdraft	20	(207,946,824)	255,355
Receipt/(repayment) of short term loans	21	(640,000,000)	100,000,000
<b>Net cash from/(used) in financing activities</b>		<b>(851,782,525)</b>	<b>94,198,047</b>
<b>Net increase in cash and cash equivalents</b>		<b>201,542,931</b>	<b>3,425,077</b>
Cash and cash equivalents at 1 January		14,440,818	11,015,741
<b>Cash and cash equivalents at 31 December</b>	16	<b>215,983,749</b>	<b>14,440,818</b>

The notes on pages 7 to 30 are an integral part of these financial statements.



**1 Reporting entity**

**1.1 Company profile**

BRAC EPL Investments Limited (hereinafter referred to as "the Company") was incorporated in Bangladesh on 18 April 2000 as a private limited company under the Companies Act 1994 initially in the name of Equity Partners Limited, the name of which was changed to BRAC EPL Investments Limited on 4 October 2009. BRAC Bank Limited acquired 51% of its equity in August 2009 and a further 25% in May 2011. In 30 June 2016 BRAC Bank Limited subscribed 200 million shares further to increase the Company's paid up capital. BRAC Bank Limited currently holding 99.95% of shares of the Company's total subscribed shares. On 11 February 2010 a new Merchant Banker Registration Certificate was issued in favour of the Company which allows the organisation to perform the various activities including issue management, underwriting and portfolio management. The Company was converted to a public limited company on 4 November 2012. The registered office of the Company is located at Medona Tower, Level-4, 28 Mohakhali, Dhaka-1213.

**1.2 Nature of business**

The principal activities of the Company are to deliver a whole range of investment banking services, traditional merchant banking activities such as issue management, underwriting and portfolio management and value-added services such as wealth management, corporate advisory and corporate finance.

**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.

The titles and format of these financial statements follow the requirements of IFRSs which are to some extent different from the requirements of the Companies Act 1994 and the Securities and Exchange Rules 2020. 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 .....

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

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 18 and 36C      Lease liabilities

##### b. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Notes 5 and 36A	Property, plant and equipment
Notes 6 and 36B	Intangible assets
Note 8 and 36F	Deferred tax assets
Notes 11 and 36E(i)	Current tax assets

#### 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

<i>In Taka</i>	Office floor space	Leasehold improvement	Office equipment	IT equipment	Motor vehicles	Furniture & fittings	Total
<b>Cost</b>							
Balance at 1 Januray 2020	6,348,797	600,940	9,857,480	13,978,271	12,104,340	4,394,050	47,283,878
Additions	-	2,953,365	188,250	1,394,467	-	503,700	5,039,782
Disposals	-	(159,575)	(432,000)	(1,019,940)	-	(510,541)	(2,122,056)
<b>Balance at 31 December 2020</b>	<b>6,348,797</b>	<b>3,394,730</b>	<b>9,613,730</b>	<b>14,352,798</b>	<b>12,104,340</b>	<b>4,387,209</b>	<b>50,201,604</b>
Balance at 1 Januray 2021	6,348,797	3,394,730	9,613,730	14,352,798	12,104,340	4,387,209	50,201,604
Additions	-	113,189	452,335	1,880,858	-	433,709	2,880,091
Disposals	-	-	-	-	-	(516,636)	(516,636)
<b>Balance at 31 December 2021</b>	<b>6,348,797</b>	<b>3,507,919</b>	<b>10,066,065</b>	<b>16,233,656</b>	<b>12,104,340</b>	<b>4,304,282</b>	<b>52,565,059</b>
<b>Accumulated depreciation</b>							
Balance at 1 January 2020	3,029,817	600,940	9,855,944	13,978,271	8,993,359	4,345,768	40,804,099
Depreciation	307,383	295,336	33,159	153,395	1,572,085	35,624	2,396,982
Disposals	-	(159,575)	(432,000)	(1,019,940)	-	(510,541)	(2,122,056)
<b>Balance at 31 December 2020</b>	<b>3,337,200</b>	<b>736,701</b>	<b>9,457,103</b>	<b>13,111,726</b>	<b>10,565,444</b>	<b>3,870,851</b>	<b>41,079,025</b>
Balance at 1 January 2021	3,337,200	736,701	9,457,103	13,111,726	10,565,444	3,870,851	41,079,025
Depreciation	307,383	596,063	41,075	680,773	769,448	80,034	2,474,776
Disposals	-	-	-	-	-	(516,636)	(516,636)
<b>Balance at 31 December 2021</b>	<b>3,644,583</b>	<b>1,332,764</b>	<b>9,498,178</b>	<b>13,792,499</b>	<b>11,334,892</b>	<b>3,434,249</b>	<b>43,037,165</b>
<b>Carrying amounts</b>							
At 1 January 2020	3,318,980	-	1,536	-	3,110,981	48,282	6,479,779
<b>At 31 December 2020</b>	<b>3,011,597</b>	<b>2,658,029</b>	<b>156,627</b>	<b>1,241,072</b>	<b>1,538,896</b>	<b>516,358</b>	<b>9,122,579</b>
<b>At 31 December 2021</b>	<b>2,704,214</b>	<b>2,175,155</b>	<b>567,887</b>	<b>2,441,157</b>	<b>769,448</b>	<b>870,033</b>	<b>9,527,894</b>



## 6 Intangible assets

See accounting policies in Note 36B

<i>In Taka</i>	<b>Software</b>	<b>Total</b>
<b>Cost</b>		
Balance at 1 January 2020	948,611	948,611
Additions	-	-
Disposals	-	-
Balance at 31 December 2020	948,611	948,611
Balance at 1 January 2021	948,611	948,611
Additions	-	-
Disposals	-	-
<b>Balance at 31 December 2021</b>	<b>948,611</b>	<b>948,611</b>
<b>Accumulated depreciation</b>		
Balance at 1 January 2020	432,379	432,379
Amortisation	316,203	316,203
Disposals	-	-
Balance at 31 December 2020	748,582	748,582
Balance at 1 January 2021	748,582	748,582
Amortisation	200,029	200,029
Disposals	-	-
<b>Balance at 31 December 2021</b>	<b>948,611</b>	<b>948,611</b>
<b>Carrying amounts</b>		
At 1 January 2020	516,232	516,232
At 31 December 2020	200,029	200,029
<b>At 31 December 2021</b>	<b>-</b>	<b>-</b>

## 7 Right of use assets

See accounting policy in Note 36C

<i>In Taka</i>	<b>Office space</b>	<b>Total</b>
<b>Cost</b>		
Balance at 1 January 2020	13,740,773	13,740,773
Additions	8,832,960	8,832,960
Disposals	(11,693,374)	(11,693,374)
Balance at 31 December 2020	10,880,359	10,880,359
Balance at 1 January 2021	10,880,359	10,880,359
Additions	-	-
Disposals	-	-
<b>Balance at 31 December 2021</b>	<b>10,880,359</b>	<b>10,880,359</b>
<b>Accumulated depreciation</b>		
Balance at 1 January 2020	9,017,503	9,017,503
Depreciation	6,158,365	6,158,365
Disposals	(10,816,319)	(10,816,319)
Balance at 31 December 2020	4,359,549	4,359,549
Balance at 1 January 2021	4,359,549	4,359,549
Depreciation	3,426,644	3,426,644
Disposals	-	-
<b>Balance at 31 December 2021</b>	<b>7,786,193</b>	<b>7,786,193</b>
<b>Carrying amounts</b>		
At 1 January 2020	4,723,270	4,723,270
At 31 December 2020	6,520,810	6,520,810
<b>At 31 December 2021</b>	<b>3,094,166</b>	<b>3,094,166</b>

Notes to the financial statements (Continued)

8 Deferred tax assets

See the accounting policy in Note 36F

<i>In Taka</i>	2021	2020
Balance at 1 January	283,711,094	286,439,604
Deferred tax income for the year	(75,776,718)	61,950,525
<b>Balance at 31 December</b>	<b>207,934,376</b>	<b>283,711,094</b>

<i>In Taka</i>	Carrying amount on reporting date	Tax base	Taxable/ (deductible) temporary difference
<b>At 31 December 2021</b>			
Property, plant and equipment	9,527,894	13,899,691	4,371,797
Intangible assets	-	717,341	717,341
Right of use assets	3,094,166	-	(3,094,166)
Lease liabilities	(3,886,481)	-	3,886,481
Business loss carried forward	(548,610,218)	-	548,610,218
<b>Taxable / (deductible) temporary differences</b>	<b>8,735,579</b>	<b>14,617,032</b>	<b>554,491,671</b>

Applicable tax rate	37.5%
<b>Deferred tax assets / (liabilities)</b>	<b>207,934,376</b>

<b>At 31 December 2020</b>			
Property, plant and equipment	9,122,577	12,611,392	3,488,815
Intangible assets	200,029	778,887	578,858
Lease liabilities	(4,284,843)	-	(4,284,843)
Right of use assets	6,970,547	-	6,970,547
Business loss carried forward	(749,809,540)	-	749,809,540
<b>Taxable / (deductible) temporary differences</b>	<b>12,008,310</b>	<b>13,390,279</b>	<b>756,562,917</b>

Applicable tax rate	37.5%
<b>Deferred tax assets / (liabilities)</b>	<b>283,711,094</b>



Notes to the financial statements (continued)

9 Account receivables

See the accounting policy in Note 36I

<i>In Taka</i>	<i>Note</i>	2021	2020
Portfolio Management Department (PMD)	9.1	17,490,268	10,628,849
Structured Finance Department (SFD)	9.2	12,871,697	12,871,697
Dividend receivables		11,274,051	17,031,337
		41,636,016	40,531,883
Less: Provision for bad debt	9.3	(12,871,697)	(12,871,697)
		28,764,319	27,660,186

9.1 Portfolio Management Department (PMD)

<i>In Taka</i>	2021	2020
Receivables from brokerage for client trading	9,417,321	10,628,849
Receivables from brokerage for own investment	8,072,947	-
	17,490,268	10,628,849

9.2 Structured Finance Department (SFD)

<i>In Taka</i>	2021	2020
Debt arrangement fees	10,568,072	10,568,072
Corporate advisory fees	2,303,625	2,303,625
	12,871,697	12,871,697

9.3 Provision for bad debt

<i>In Taka</i>	2021	2020
<b>Debt arrangement fee</b>		
Omera Petroleum Limited	8,493,072	8,493,072
CACO Chemicals	1,500,000	1,500,000
Silver Composite	575,000	575,000
	10,568,072	10,568,072
<b>Corporate advisory fee</b>		
KDDI	578,625	578,625
PEB Steel	1,725,000	1,725,000
	2,303,625	2,303,625
	12,871,697	12,871,697

10 Intercompany receivables

<i>In Taka</i>	2021	2020
BRAC EPL Stock Brokerage Limited	-	267,439
	-	267,439

11 Investments in securities

See the accounting policy in Note 36D

The Company invests in quoted securities, traded on the secondary capital markets in Bangladesh. At the reporting date, these are recognised at market value 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 profit or loss and other comprehensive income.

<i>In Taka</i>	2021	2020
Investment in quoted securities	986,759,051	1,018,347,946
Investments in Sukuk Bond	10,000,000	-
Investment in Pre-IPO	22,083,930	29,996,101
	1,018,842,981	1,048,344,047



Notes to the financial statements (continued)

12 Current tax assets

See the accounting policy in Note 36F

<i>In Taka</i>	<i>Note</i>	2021	2020
Advance income tax	12.1	101,379,467	30,212,851
Provision for tax	12.2	(74,900,609)	(3,977,745)
		26,478,858	26,235,106

12.1 Advance income tax

<i>In Taka</i>	2021	2020
Balance at 1 January	30,212,853	25,114,710
Deposits including deductions at source	8,037,094	5,098,141
Adjustment for prior year	63,129,520	-
	101,379,467	30,212,851

12.2 Provision for tax

<i>In Taka</i>	2021	2020
Balance at 1 January	3,977,745	3,453,356
Provision made during the year	7,793,344	524,389
Adjustment for prior year	63,129,520	-
	74,900,609	3,977,745

13 Loans and advances to customers

See the accounting policy in Note 36I

<i>In Taka</i>	2021	2020
Opening Balance	1,697,600,142	1,693,628,668
Disbursement during the year	166,115,675	22,013,003
Recovered during the year	(362,570,673)	(18,041,529)
	1,501,145,144	1,697,600,142
Less: Provision for loans and advances	(1,211,835,770)	(1,059,064,609)
	289,309,374	638,535,533

13.1 Provisions for loans and advances

<i>In Taka</i>	2021	2020
Opening Balance	1,059,064,609	1,059,064,609
Provisions made during the year	160,040,560	-
Provision released during the year	(7,269,399)	-
	1,211,835,770	1,059,064,609

14 Accrued interest and management fees receivables

<i>In Taka</i>	2021	2020
Accrued interest receivables	20,851,451	306,012,764
Accrued management fees receivables	1,213,224	642,445
	22,064,675	306,655,209

Accrued interest receivables and accrued portfolio management fees are deducted from clients' accounts on every calendar quarter and adjusted with clients' purchase power accordingly.

15 Advances, deposits and prepayments

<i>In Taka</i>	2021	2020
<b>Advances</b>		
Staff loans	-	20,000
General suppliers	447,862	455,147
	447,862	475,147
<b>Deposits</b>		
Regulators	314,501	314,500
Security deposit	998,399	1,124,399
	1,312,900	1,438,899
	1,760,762	1,914,046

Notes to the financial statements (continued)

16 Cash and cash equivalents

See the accounting policy in Note 36I

<i>In Taka</i>	2021	2020
Cash in hand	80,076	94,614
Cash at bank		
BRAC Bank Ltd.	15,507,780	2,416,855
Standard Chartered Bank	190,129,763	6,476,526
NRB Commercial Bank Limited	522,131	518,643
NRB Bank Limited	9,712	57
One Bank Limited	9,637,298	4,835,409
Standard Bank Limited	3,069	3,759
Midland Bank	93,920	94,955
	215,903,673	14,346,204
	215,983,749	14,440,818

17 Share capital

<i>In Taka</i>	No. of shares		Amount in BDT	
	2021	2020	2021	2020
<b>Authorised</b>				
Authorised (par value of Tk. 10 each)	300,000,000	300,000,000	3,000,000,000	3,000,000,000
<b>Paid up</b>				
Ordinary shares (par value of Tk. 10 each)	258,500,000	258,500,000	2,585,000,000	2,585,000,000
<b>Percentage of shareholdings</b>				
	No. of shares	%	2021	2020
BRAC Bank Ltd.	258,358,734	99.95%	2,583,587,340	2,583,587,340
Other individual shareholders	141,266	0.05%	1,412,660	1,412,660
	258,500,000	100%	2,585,000,000	2,585,000,000

As per Form-117, BRAC Bank Limited (hereinafter called the "said Transferee") acquired shares from the minority shareholders on 19th November 2017. BRAC Bank Limited currently holding 99.95% of shares of the Company's total subscribed shares.

18 Lease liabilities

See the accounting policy in Note 36C

<i>In Taka</i>	2021	2020
Current	743,400	3,781,320
Non-current	3,143,081	3,353,677
	3,886,481	7,134,997

18.1 Movement of lease liabilities

<i>In Taka</i>	2021	2020
Opening	7,134,997	5,101,264
Addition during the year	-	7,325,904
Interest expense on leases	587,184	765,137
Payment of lease instalments	(3,835,701)	(6,057,308)
	3,886,480	7,134,997

19 Customer deposits

See the accounting policy in Note 36I

<i>In Taka</i>	2021	2020
Opening balance	79,536,443	84,854,573
Addition during the period	203,069,777	36,886,554
Disbursed during the period	(128,433,209)	(42,204,684)
	154,173,011	79,536,443

**20 Bank overdrafts**

See the accounting policy in Note 36I

<i>In Taka</i>	2021	2020
BRAC Bank Limited	590,713,887	798,660,711
	590,713,887	798,660,711

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

Type of facility	:	Overdraft 1- renewal
Facility limit	:	BDT 800,000,000 (BDT eight hundred million) only.
Repayment procedures	:	From operational cash flow/or own sources of borrower.
Maximum tenor	:	On demand
Purpose	:	To meet day to day operational activities.
Interest	:	8%
Expiry	:	20 November 2022

**21 Short term loan**

See the accounting policy in Note 36I

<i>In Taka</i>	2021	2020
Opening	640,000,000	540,000,000
Received during the year	-	100,000,000
Repaid during the year	(640,000,000)	-
	-	640,000,000

**22 Account payables**

See the accounting policy in Note 36I

<i>In Taka</i>	2021	2020
Broker for client trading	1,727,679	9,336,019
VAT on fee income	4,400,486	4,400,486
Payables for other PMD activities	14,802	4,339,364
Tax deducted at source from salaries and allowances	63,150	230,457
Tax deducted at source from suppliers	74,747	143,476
Withholding VAT on office rent	38,353	37,800
Withholding VAT on suppliers' payments	337,229	280,389
Tax deducted at source from office rent	42,125	41,811
	6,698,571	18,809,802

**23 Other liabilities**

<i>In Taka</i>	2021	2020
Interest Payable	-	8,799,999
Sales receivable in transit	11,219,864	13,972,672
Office maintenance	4,999,784	5,259,223
Audit fees payable	460,000	216,000
IT expenses	211,386	211,386
Telephone and mobile expenses	47,502	21,099
Legal. and professional fees	350,574	535,374
Printing- Postage & Stationery	9,001	9,001
Liability for fixed Assets	12,535	-
Provident Fund Payable	593,768	-
Gratuity Fund Payable	13,497,244	-
	31,401,658	29,024,754

**24 Inter-company payable**

<i>In Taka</i>	2021	2020
BRAC EPL Stock Brokerage Ltd.	-	503,523
	-	503,523

Notes to the financial statements (continued)

25 Revenue

See the accounting policy in Note 36H

<i>In Taka</i>	<i>Note</i>	2021	2020
Interest income from margin loan		391,834,574	15,239,981
Fee and commission income	25.1	127,059,205	31,688,995
Income from investment in securities	25.2	122,582,052	200,349,451
		641,475,831	247,278,427

25.1 Fee and commission income

<i>In Taka</i>	<i>Note</i>	2021	2020
Portfolio Management Department (PMD)	25.1.1	125,329,205	31,688,995
Structured Finance Department (SFD)	25.1.2	1,730,000	-
		127,059,205	31,688,995

25.1.1 Portfolio Management Department (PMD)

<i>In Taka</i>	2021	2020
Settlement fees	42,199,856	13,736,698
Management fees	82,761,374	17,702,811
BO maintenance fees	231,150	206,306
Documentation fees	114,300	30,100
Commission income from IPO	22,525	13,080
	125,329,205	31,688,995

25.1.2 Structured Finance Department (SFD)

<i>In Taka</i>	2021	2020
Private equity arrangement fees	1,730,000	-
	1,730,000	-

25.2 Income from investment in securities

<i>In Taka</i>	<i>Note</i>	2021	2020
Realised gain/(loss) during the year		(119,149,019)	6,462,000
Fair value adjustment at reporting date	25.2.1	209,675,163	168,122,345
Dividend income		32,055,908	25,765,106
		122,582,052	200,349,451

25.2.1 Fair value adjustment at reporting date

<i>In Taka</i>	2021	2020
Unrealised gain/(loss) at opening	(223,839,618)	(391,961,963)
Unrealised gain/(loss) as at year closing	(14,164,455)	(223,839,618)
	209,675,163	168,122,345

26 Direct expenses

<i>In Taka</i>	<i>Note</i>	2021	2020
Interest expenses	26.1	(71,615,427)	(142,687,732)
Brokerage commission cost		(21,244,918)	(7,310,477)
		(92,860,345)	(149,998,209)

26.1 Interest expenses

<i>In Taka</i>	2021	2020
BRAC Bank Limited	52,194,733	75,885,639
IIDFC	14,219,027	49,082,926
United Finance	5,201,667	17,719,167
	71,615,427	142,687,732

Notes to the financial statements (continued)

27 Operating expenses

<i>In Taka</i>	2021	2020
Salaries and allowances	20,398,590	24,842,960
Festival Bonus	2,126,777	2,809,634
Rental expenses- VAT Portion	594,255	946,397
Utilities, maintenance and running expenses	5,667,158	6,306,620
CDBL expenses	1,906,893	370,648
Legal and professional fees	1,994,925	1,627,628
Telephone, communication and IT expenses	1,390,932	1,047,341
Printing and stationery	553,114	257,142
Travelling and conveyance	257,706	130,744
Vehicle maintenance expenses	172,890	163,224
Entertainment expenses	284,900	156,098
Meeting expenses	476,649	311,673
License and renewal fees	877,401	50,000
Audit fees	529,000	276,000
Regulatory fees	100,000	100,000
Insurance	450,640	765,543
Training expense	82,998	3,000
Provident fund expense	296,884	-
Gratuity fund expenses	13,497,244	-
Depreciation & amortisation	2,674,804	2,713,187
Depreciation for right-of-use assets	3,426,645	6,158,365
Provision for loans and advances	160,040,560	-
	217,800,965	49,036,204

28 Other income

<i>In Taka</i>	2021	2020
Gain on disposal of property, plant and equipment	46,248	152,499
Sub-rent Income	169,200	24,000
	215,448	176,499

29 Net finance cost

<i>In Taka</i>	2021	2020
Finance income	446,013	47,013
<b>Financial expenses</b>		
Bank charges and commission	367,856	177,092
Other Expenses (Interest expenses on Right of use assets)	587,184	765,137
	955,040	942,229
	(509,027)	(895,216)

30 Income tax expense

See the accounting policy in Note 36F

<i>In Taka</i>	Note	2021	2020
Current tax expense		7,793,344	575,000
Adjustment for completion of assessment		-	-
		7,793,344	575,000
Deferred tax expense	30.1	75,776,718	2,728,507
		83,570,062	3,303,507

30.1 Deferred tax expense

<i>In Taka</i>	2021	2020
Deferred tax assets/(liabilities) at the beginning of the year	283,711,094	286,439,601
Less: Deferred tax asset at the end of the year	(207,934,376)	(283,711,094)
	75,776,718	2,728,507

**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 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>	<b>Carrying amount</b>	
		<b>2021</b>	<b>2020</b>
Account receivables	9	28,764,319	27,660,186
Investments securities	11	1,018,842,981	1,048,344,047
Loans and advances to customers	13	289,309,374	638,535,533
Cash and cash equivalents	16	215,983,749	14,440,818
		<b>1,552,900,423</b>	<b>1,728,980,584</b>

**(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>	<b>Carrying amount</b>	
		<b>2021</b>	<b>2020</b>
Neither past due nor impaired	9	28,764,319	27,660,186
Past due 1 - 30 days		-	-
Past due 31 - 90 days		-	-
Past due 91 - 120 days		-	-
Past due 121 - 360 days		-	-
Past due 361 + days		-	-
		<b>28,764,319</b>	<b>27,660,186</b>

## 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

31 December 2021			Contractual cash flows					
In Taka	Note	Carrying amount	Total	2 months or less	2-12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities								
Customer deposits	19	154,173,011	154,173,010	154,173,010	-	-	-	-
Bank overdrafts	20	590,713,887	590,713,887	-	590,713,887	-	-	-
Short term loans	21	-	-	-	-	-	-	-
Account payables	22	6,698,571	6,698,571	1,727,679	570,406	-	-	4,400,486
Other liabilities	23	31,401,658	31,457,818	31,457,818	-	-	-	-
Lease liabilities	18	3,886,481	3,886,481	742,422	2,401,710	742,349	-	-
Intercompany payables	24	-	2,807,243,211	1,056,201,052	1,751,042,159	-	-	-
		786,873,608	3,594,172,978	1,244,301,981	2,344,728,163	742,349	-	4,400,486
Derivative financial liabilities								
		-	-	-	-	-	-	-
		786,873,608	3,594,172,978	1,244,301,981	2,344,728,163	742,349	-	4,400,486

#### 31 December 2020

31 December 2020			Contractual cash flows					
In Taka	Note	Carrying amount	Total	2 months or less	2-12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities								
Customer deposits	19	79,536,443	79,536,443	79,536,443	-	-	-	-
Bank overdrafts	20	1,429,695,552	1,429,695,552	317,319,213	1,105,230,537	-	7,145,802	-
Short term loans	21	640,000,000	640,000,000	-	640,000,000	-	-	-
Account payables	22	18,809,802	18,809,802	9,336,019	5,073,297	-	-	4,400,486
Other liabilities	23	29,024,754	29,080,570	29,080,570	-	-	-	-
Lease liabilities	18	7,134,997	7,134,997	412,514	3,069,972	3,155,358	497,153	-
Intercompany payables	24	503,523	503,523	503,523	-	-	-	-
		2,204,705,071	2,204,760,887	436,188,282	1,753,373,806	3,155,358	7,642,955	4,400,486
Derivative financial liabilities								
		-	-	-	-	-	-	-
		2,204,705,071	2,204,760,887	436,188,282	1,753,373,806	3,155,358	7,642,955	4,400,486

**(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 liabilities			
Bank overdrafts	20	590,713,887	798,660,711
		590,713,887	798,660,711
Variable rate instruments			
Financial assets			
Cash at banks	16	215,983,749	14,440,818
Financial liabilities			
Lease liabilities	18	(3,886,480)	(7,134,997)
		212,097,269	7,305,821



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

In Taka	Note	Carrying amount						Total
		Fair value- hedging instruments	FVTPL – others	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	
<b>Financial assets measured at fair value</b>								
Investments securities	11	-	1,018,842,981	-	-	-	-	1,018,842,981
<b>Financial assets not measured at fair value</b>								
Account receivables	9	-	-	-	-	28,764,319	-	28,764,319
Loans and advances to customers	13	-	-	-	-	289,309,374	-	289,309,374
Cash and cash equivalents	16	-	-	-	-	215,983,749	-	215,983,749
		-	1,018,842,981	-	-	534,057,442	-	1,552,900,423
<b>Financial liabilities measured at fair value</b>		-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Customer deposits	19	-	-	-	-	-	154,173,011	154,173,011
Bank overdrafts	20	-	-	-	-	-	590,713,887	590,713,887
Account payables	22	-	-	-	-	-	6,698,571	6,698,571
Other liabilities	23	-	-	-	-	-	31,401,658	31,401,658
Lease liabilities	18	-	-	-	-	-	3,886,481	3,886,481
		-	-	-	-	-	786,873,608	786,873,608



Notes to the financial statements (Continued)

31 December 2020

In Taka	Note	Carrying amount						Total
		Fair value- hedging instruments	FVTPL – others	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	
<b>Financial assets measured at fair value</b>								
Investments securities	11	-	1,048,344,047	-	-	-	-	1,048,344,047
<b>Financial assets not measured at fair value</b>								
Account receivables	9	-	-	-	-	27,660,186	-	27,660,186
Loans and advances to customers	13	-	-	-	-	638,535,533	-	638,535,533
Cash and cash equivalents	16	-	-	-	-	14,440,818	-	14,440,818
		-	1,048,344,047	-	-	680,636,537	-	1,728,980,584
<b>Financial liabilities measured at fair value</b>		-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Customer deposits	19	-	-	-	-	-	79,536,443	79,536,443
Bank overdrafts	20	-	-	-	-	-	798,660,711	798,660,711
Account payables	22	-	-	-	-	-	18,809,802	18,809,802
Other liabilities	23	-	-	-	-	-	29,024,754	29,024,754
Lease liabilities	18	-	-	-	-	-	7,134,997	7,134,997
		-	-	-	-	-	933,166,707	933,166,707



## Notes to the financial statements (Continued)

### 32 Contingencies and commitments

#### Contingencies

See accounting policy in Note 36G

#### Commitments

The Company has no outstanding commitment as at 31 December 2021. (2020: nil)

### 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 99.95% 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	476,649	311,673
	476,649	311,673

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
<i>Parent and ultimate controlling party</i>				
BRAC EPL Stock Brokerage Limited				
- Share trading and other expenses	503,523	590,392	-	503,523

### 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 30 (31 December 2020: 24).

#### 34.2 Comparatives

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



### 34.3 Leases

#### a) Leases as lessee (IFRS 16)

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

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 lease	587,184	765,137
Depreciation on leased asset	3,426,644	6,158,365
	<b>4,013,828</b>	<b>6,923,502</b>

#### ii) Amounts recognised in statement of cash flows

<i>In Taka</i>	2021	2020
Total cash outflow for leases	(3,835,701)	(6,057,308)
	<b>(3,835,701)</b>	<b>(6,057,308)</b>

#### b) As a lessor

There is no such lease for which the Company is a lessor.

### 34.4 Subsequent events

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

### 34.5 Basis of measurement

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

### 34.6 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.

### 34.7 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 regarded as providing an essential service in energy sector. 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.

While no material effects on the Company's financial position, results of operations and cash flows have been identified at the date of approval of these financial statements, management will continue monitoring and evaluating them.

**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 (PPE)
- B Intangible assets
- C Leases
- D Investments
- E Provision
- F Taxation
- G Contingencies
- H Revenue
- I Financial instruments
- J Statement of Cash Flows
- K Events after the reporting period
- L Materiality and aggregation

**A Property, plant and equipment (PPE)**

The cost of an item of property, plant and equipment is recognised as an assets if and only if is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably.

Property, plant and equipment have been accounted for at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs of enhancement of an existing assets are recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to statement of comprehensive income during the financial period in which they are incurred.

**B Intangible assets**

These represent cost of software and have been stated at cost as reduced by accumulated depreciation. Computer software acquired by the company which have finite useful life are measured at cost less accumulated depreciation. Depreciation is provided on software at the rate of 33.33% using the straight line method.

**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**

There is no such lease for which the Company is a lessor.

**D Investments**

The Company holds investment securities which are both actively traded in a quoted market and those which are unquoted.

**(a) Fair value through profit or loss**

Investments in shares which are actively traded on a quoted market are designated at fair value through statement of comprehensive income. Gains or losses arising from a change in the fair value of such financial assets are recognised in the statement of comprehensive income.

**(b) Fair value through other comprehensive income**

Investments in shares which are not actively traded on a quoted market are designated as fair value through OCI. Since their fair values cannot be reliably measured, these are held at cost.

**E Provision**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

**F Taxation**

The Company current tax has been calculated on the basis of the Finance Act 2021.

**Current Tax**

Income tax expense is recognised in Statement of Profit or Loss and Other Comprehensive Income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company qualifies as a "Merchant Bank"; hence the applicable corporate tax rate is 37.50% as per the Finance Act 2021.

**Deferred tax**

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the 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 are reversed, 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.



**G Contingencies**

**Contingent liability**

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

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

**Contingent asset**

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

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

**H Revenue**

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:

**Interest income**

In general, interest income from loan is recognised on accrual basis. Interest is accrued on a daily basis and applied to customer's account every quarter. Interest income on negative equity accounts is not recognised.

**Fee and commission income**

Fees and commission income arising from services provided by the company are recognised as income on earned basis as per IFRS 15 "Revenue from Contracts with Customers". Fees and Commission charged to customers on share transaction. Management fee income is recognised as accrual basis and is accrued on a daily basis and applied to customer's account every quarter.

The debt arrangement fee and corporate advisory fee income are recognised after completion of work.

**Dividend income**

Dividend income is recognised when the right to receive dividend is established. Usually this is the ex-dividend date for equity securities.

**Finance income**

Finance income comprises of interest income on fixed deposits and savings accounts. Income is recognised on accrual basis.



**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 on 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.

**Customer deposits**

Customer deposits consist of funds provided by customers which have not yet been used to invest in securities. These are initially measured at fair value and subsequently measured at amortised cost.



**J Statement of Cash Flows**

The Statement of Cash Flows shows changes in cash and bank balances during the financial year. It has reported cash flows during the year classified by operational activities, investing activities and financing activities. It is prepared under indirect method in accordance with IAS :7 Statement of Cash Flows.

**K Events after the reporting period**

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

**L Materiality and aggregation**

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

**37 Standards issued but not yet effective**

A number of new standards are effective for annual periods beginning after 1 January 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).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

