

BRAC EPL Investments Limited

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



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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 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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, the Bangladesh Securities and Exchange Commission Act 1993, the Securities and Exchange Rules 2020 and other applicable laws and regulations, 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;
- 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; and
- 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, **29 MAR 2023**

DVC: **2304040509AS888498**



BRAC EPL Investments Limited
Statement of financial position

<i>In Taka</i>	<i>Note</i>	31 December 2022	31 December 2021
Assets			
Property, plant and equipment	5	9,453,714	9,527,894
Intangible assets	6	2,394,458	-
Right-of-use assets	7	6,481,064	3,094,166
Deferred tax assets	8	602,758,082	207,934,376
Non-current assets		621,087,318	220,556,436
Account receivables	9	22,217,323	28,764,319
Investments securities	10	1,040,469,819	1,018,842,981
Current tax assets	11	9,387,752	26,478,858
Loans and advances to customers	12	741,921,801	289,309,374
Accrued interest and management fees receivables	13	51,459,044	22,064,675
Advances, deposits and prepayments	14	2,644,860	1,760,762
Cash and cash equivalents	15	157,852,605	215,983,749
Current assets		2,025,953,204	1,603,204,718
Total assets		2,647,040,522	1,823,761,154
Equity			
Share capital	16	2,585,000,000	2,585,000,000
Share premium		436,825,951	436,825,951
Retained earnings		(1,719,475,016)	(1,984,938,405)
Total equity		1,302,350,935	1,036,887,546
Liabilities			
Lease Liabilities	17	5,020,633	3,143,081
Non-current liabilities		5,020,633	3,143,081
Customer deposits	18	145,631,465	154,173,011
Bank overdrafts	19	1,124,578,963	590,713,887
Short term loans	20	-	-
Account payables	21	43,325,971	6,698,571
Other liabilities	22	24,219,880	31,401,658
Lease liabilities	17	1,912,675	743,400
Current liabilities		1,339,668,954	783,730,527
Total liabilities		1,344,689,587	786,873,608
Total equity and liabilities		2,647,040,522	1,823,761,154

The notes on pages 7 to 31 are an integral part of these financial statements.

Syed Rashed Hussain
Chief Executive Officer

Mohammad Masud Rana
Director

Fahima Choudhury
Chairperson

As per our report of same date.

Auditor

Dhaka, **29 MAR 2023**



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

DVC: **2304040509AS888498**

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>	<i>2022</i>	<i>2021</i>
Revenue	23	164,685,180	518,893,779
Direct expenses	24	(117,228,791)	(92,860,345)
Gross Profit		47,456,389	426,033,434
Income/(loss) from investment in securities	25	(83,857,802)	122,582,052
Operating expenses	26	(66,710,284)	(217,800,965)
Other Income	27	234,600	215,448
Operating Profit		(102,877,097)	331,029,969
Finance income		711,285	446,013
Finance expense		(1,281,155)	(955,040)
Net finance costs	28	(569,870)	(509,027)
Profit before tax		(103,446,967)	330,520,942
Income tax expense	29	368,910,356	(83,570,062)
Profit for the year		265,463,389	246,950,880

The notes on pages 7 to 31 are an integral part of these financial statements.



Syed Rashed Hussain
Chief Executive Officer



Mohammad Masud Rana
Director



Fahima Choudhury
Chairperson

As per our report of same date.

Dhaka, 29 MAR 2023



Auditor

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

DVC: 2304040509AS888498



BRAC EPL Investments Limited
Statement of changes in equity
For the year ended 31 December 2022

<i>In Taka</i>	Attributable to the owners of the Company			
	Share capital	Share premium	Retained earnings	Total
Balance at 1 January 2021	2,585,000,000	436,825,951	(2,231,889,285)	789,936,666
Total comprehensive income				
Profit for the year	-	-	246,950,880	246,950,880
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	246,950,880	246,950,880
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 2021	2,585,000,000	436,825,951	(1,984,938,405)	1,036,887,546
Balance at 1 January 2022	2,585,000,000	436,825,951	(1,984,938,405)	1,036,887,546
Total comprehensive income				
Profit for the year	-	-	265,463,389	265,463,389
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	265,463,389	265,463,389
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 2022	2,585,000,000	436,825,951	(1,719,475,016)	1,302,350,935

The notes on pages 7 to 31 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>	2022	2021
Cash flows from operating activities			
Profit before tax		(103,446,967)	330,520,942
Adjustments for:			
– Depreciation	5	2,915,777	2,474,776
– Loss on lease adjustments	26	52,801	-
– Amortisation of intangible assets	6	140,851	200,029
– Disposal (gain)/loss of fixed assets	27	(69,000)	(46,248)
– Depreciation of right-of-use assets	26	3,700,678	3,426,644
– Interest expense	17.1	751,728	587,184
– Fair value adjustments for fall in values of investment in securities	25.1	40,670,769	(209,675,163)
		48,163,604	(203,032,779)
– Loans and advances to customers	12	(452,612,427)	349,226,159
– Accrued interests and management fees receivables	13	(29,394,369)	284,590,534
– Account receivables	9	6,546,996	(1,104,133)
– Advances, deposits and prepayments	14	(884,098)	153,284
– Intercompany receivables		-	267,439
– Customer deposits	18	(8,541,546)	74,636,568
– Account payables	21	36,627,400	(12,111,231)
– Intercompany payables		-	(503,523)
– Other liabilities	22	(7,181,779)	2,376,904
Cash generated from operating activities		(455,439,823)	697,532,001
Income taxes paid	11.1	(8,822,243)	(8,037,094)
Net cash from/(used in) operating activities		(519,545,429)	816,983,071
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	(2,841,596)	(2,880,091)
Acquisition of intangible assets	6	(2,535,309)	-
Proceeds from sale of property, plant and equipment		69,000	46,248
Sale/(purchase) of investment securities		(62,297,607)	239,176,229
Net cash used in investing activities		(67,605,512)	236,342,386
Cash flows from financing activities			
Payment for lease liabilities	17.1	(4,845,277)	(3,835,701)
Receipt/(repayment) of bank overdraft	19	533,865,074	(207,946,824)
Receipt/(repayment) of short term loans	20	-	(640,000,000)
Net cash from/(used) in financing activities		529,019,797	(851,782,525)
Net increase in cash and cash equivalents		(58,131,144)	201,542,932
Cash and cash equivalents at 1 January		215,983,749	14,440,817
Cash and cash equivalents at 31 December	15	157,852,605	215,983,749

The notes on pages 7 to 31 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, 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 Companies Act, 1994. However, such differences are not material and in the view of management, IFRS titles and format gives a better presentation to its intended users.

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

29 MAR 2023

Details of the Company's accounting policies are included in Note 34.

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 17 and 34C Lease liabilities

b. Assumptions and estimation uncertainties

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

Notes 5 and 34A	Property, plant and equipment
Notes 6 and 34B	Intangible assets
Note 8 and 34F	Deferred tax assets
Notes 11 and 34F	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 34A

A. Reconciliation of carrying amount

<i>In Taka</i>	Office floor space	Leasehold improvement	Office equipment	IT equipment	Motor vehicles	Furniture & fittings	Total
Cost							
Balance at 1 January 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)
Balance at 31 December 2021	6,348,797	3,507,919	10,066,065	16,233,656	12,104,340	4,304,282	52,565,059
Balance at 1 January 2022	6,348,797	3,507,919	10,066,065	16,233,656	12,104,340	4,304,282	52,565,059
Additions	-	1,213,961	604,251	1,023,384	-	-	2,841,596
Disposals	-	-	(1,262,787)	(961,004)	-	-	(2,223,791)
Balance at 31 December 2022	6,348,797	4,721,880	9,407,529	16,296,036	12,104,340	4,304,282	53,182,864
Accumulated depreciation							
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
Additions	307,383	596,063	41,075	680,773	769,448	80,034	2,474,776
Disposals	-	-	-	-	-	(516,636)	(516,636)
Balance at 31 December 2021	3,644,583	1,332,764	9,498,178	13,792,499	11,334,892	3,434,249	43,037,165
Balance at 1 January 2022	3,644,583	1,332,764	9,498,178	13,792,499	11,334,892	3,434,249	43,037,165
Additions	307,383	533,069	192,683	969,202	769,448	143,992	2,915,777
Disposals	-	-	(1,262,788)	(961,004)	-	-	(2,223,792)
Balance at 31 December 2022	3,951,966	1,865,833	8,428,073	13,800,697	12,104,340	3,578,241	43,729,150
Carrying amounts							
At 1 January 2021	3,011,597	2,658,029	156,627	1,241,072	1,538,896	516,358	9,122,579
At 31 December 2021	2,704,214	2,175,155	567,887	2,441,157	769,448	870,033	9,527,894
At 31 December 2022	2,396,831	2,856,047	979,456	2,495,339	-	726,041	9,453,714



6 Intangible assets

See accounting policies in Note 34B

<i>In Taka</i>	Software	Total
Cost		
Balance at 1 January 2021	948,611	948,611
Additions	-	-
Disposals	-	-
Balance at 31 December 2021	948,611	948,611
Balance at 1 January 2022	948,611	948,611
Additions	2,535,309	2,535,309
Disposals	-	-
Balance at 31 December 2022	3,483,920	3,483,920
Accumulated depreciation		
Balance at 1 January 2021	748,583	748,583
Amortisation	200,029	200,029
Disposals	-	-
Balance at 31 December 2021	948,611	948,611
Balance at 1 January 2022	948,611	948,611
Amortisation	140,851	140,851
Disposals	-	-
Balance at 31 December 2022	1,089,462	1,089,462
Carrying amounts		
At 1 January 2021	200,028	200,028
At 31 December 2021	-	-
At 31 December 2022	2,394,458	2,394,458

7 Right-of-use assets

See accounting policy in Note 34C

<i>In Taka</i>	Office space	Total
Cost		
Balance at 1 January 2021	10,880,359	10,880,359
Additions	-	-
Lease expired/modified during the year	-	-
Balance at 31 December 2021	10,880,359	10,880,359
Balance at 1 January 2022	10,880,359	10,880,359
Additions	7,362,481	7,362,481
Lease expired/modified during the year	(274,905)	(274,905)
Balance at 31 December 2022	17,967,935	17,967,935
Accumulated depreciation		
Balance at 1 January 2021	4,359,549	4,359,549
Depreciation	3,426,644	3,426,644
Lease expired/modified during the year	-	-
Balance at 31 December 2021	7,786,193	7,786,193
Balance at 1 January 2022	7,786,193	7,786,193
Depreciation	4,054,098	4,054,098
Lease expired/modified during the year	(353,420)	(353,420)
Balance at 31 December 2022	11,486,871	11,486,871
Carrying amounts		
At 1 January 2021	6,520,810	6,520,810
At 31 December 2021	3,094,166	3,094,166
At 31 December 2022	6,481,064	6,481,064

8 Deferred tax assets

See the accounting policy in Note 34F

<i>In Taka</i>	2022	2021
Balance at 1 January	207,934,376	283,711,094
Deferred tax income/(expense) for the year	394,823,706	(75,776,718)
Balance at 31 December	602,758,082	207,934,376

<i>In Taka</i>	Carrying amount on reporting date	Tax base	Taxable/ (deductible) temporary difference
At 31 December 2022			
Property, plant and equipment	9,453,714	26,142,449	16,688,735
Intangible assets	2,394,458	2,298,718	(95,740)
Right-of-use assets	6,481,064	-	(6,481,064)
Lease liabilities	(6,933,308)	-	6,933,308
Business loss carried forward	(365,602,178)	-	365,602,178
Provision for loans and advances	(12,871,697)	-	12,871,697
Provision for doubtful debt	(1,211,835,770)	-	1,211,835,770
Taxable / (deductible) temporary differences	11,395,928	28,441,168	1,607,354,885

Applicable tax rate	37.5%
Deferred tax assets / (liabilities)	602,758,082

At 31 December 2021			
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
Taxable / (deductible) temporary differences	8,735,579	14,617,032	554,491,672

Applicable tax rate	37.5%
Deferred tax assets / (liabilities)	207,934,377



9 Account receivables

See the accounting policy in Note 34I

<i>In Taka</i>	<i>Note</i>	2022	2021
Portfolio Management Department (PMD)	9.1	6,440,701	17,490,268
Structured Finance Department (SFD)	9.2	12,871,697	12,871,697
Dividend receivables		15,776,622	11,274,051
		35,089,020	41,636,016
Less: Provision for bad debt	9.3	(12,871,697)	(12,871,697)
		22,217,323	28,764,319

9.1 Portfolio Management Department (PMD)

<i>In Taka</i>	<i>Note</i>	2022	2021
Receivables from brokerage for client trading	9.1.1	6,440,701	9,417,321
Receivables from brokerage for own investment		-	8,072,947
		6,440,701	17,490,268

9.1.1 Receivables from brokerage for client trading

<i>In Taka</i>	2022	2021
Receivables from third party	857,740	-
Receivables from related party	5,582,961	9,417,321
	6,440,701	9,417,321

9.2 Structured Finance Department (SFD)

<i>In Taka</i>	2022	2021
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>	2022	2021
Debt arrangement fee		
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
Corporate advisory fee		
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 Investments securities

See the accounting policy in Note 34D

<i>In Taka</i>	2022	2021
Investment in quoted securities	1,030,469,819	986,759,051
Investments in Sukuk Bond	-	10,000,000
Investment in Pre-IPO	10,000,000	22,083,930
	1,040,469,819	1,018,842,981

The Company invests in quoted securities, traded on the secondary capital markets in Bangladesh. The Company also invests in primary shares (IPO). 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.

11 Current tax assets

See the accounting policy in Note 34F

<i>In Taka</i>	<i>Note</i>	2022	2021
Advance income tax	11.1	200,149,652	101,379,467
Provision for tax	11.2	(190,761,900)	(74,900,609)
		9,387,752	26,478,858

11.1 Advance income tax

<i>In Taka</i>	2022	2021
Balance at 1 January	101,379,467	30,212,853
Deposits including deductions at source	8,772,352	8,037,094
Adjustment for prior year	89,997,833	63,129,520
	200,149,652	101,379,467

11.2 Provision for tax

<i>In Taka</i>	2022	2021
Balance at 1 January	74,900,609	3,977,745
Provision made during the year	3,393,386	7,793,344
Adjustment for prior year	112,467,905	63,129,520
	190,761,900	74,900,609

12 Loans and advances to customers

See the accounting policy in Note 34I

<i>In Taka</i>	<i>Note</i>	2022	2021
Balance at 1 January		1,501,145,144	1,697,600,142
Disbursement during the year		562,062,221	166,115,675
Recovered during the year		(109,449,794)	(362,570,673)
		1,953,757,571	1,501,145,144
Less: Provision for loans and advances	12.1	(1,211,835,770)	(1,211,835,770)
		741,921,801	289,309,374

12.1 Provisions for loans and advances

<i>In Taka</i>	2022	2021
Balance at 1 January	1,211,835,770	1,059,064,609
Provisions made during the year	-	160,040,560
Provision released during the year	-	(7,269,399)
	1,211,835,770	1,211,835,770

13 Accrued interest and management fees receivables

<i>In Taka</i>	2022	2021
Accrued interest receivables	48,969,850	20,851,451
Accrued management fees receivables	2,489,194	1,213,224
	51,459,044	22,064,675

Accrued interest is adjusted with clients purchase power on a daily basis, these are charged to the client loan balance on quarterly basis.



14 Advances, deposits and prepayments

<i>In Taka</i>	2022	2021
Advances		
Staff loans	-	-
General suppliers	1,285,960	447,862
	1,285,960	447,862
Deposits		
Regulators	314,501	314,501
Security deposit	1,044,399	998,399
	1,358,900	1,312,900
	2,644,860	1,760,762

15 Cash and cash equivalents

See the accounting policy in Note 34I

<i>In Taka</i>	2022	2021
Cash in hand	91,411	80,076
Cash at bank		
BRAC Bank Limited	109,884,521	15,507,780
Standard Chartered Bank	46,324,963	190,129,763
NRB Commercial Bank Limited	525,119	522,131
NRB Bank Limited	9,022	9,712
One Bank Limited	568,048	9,637,298
Standard Bank Limited	2,149	3,069
Midland Bank	93,230	93,920
Eastern Bank Limited	354,142	-
	157,761,194	215,903,673
	157,852,605	215,983,749

16 Share capital

<i>In Taka</i>	No. of shares		Amount in BDT	
	2022	2021	2022	2021
Authorised				
Authorised (par value of Tk. 10 each)	300,000,000	300,000,000	3,000,000,000	3,000,000,000
Paid up				
Ordinary shares (par value of Tk. 10 each)	258,500,000	258,500,000	2,585,000,000	2,585,000,000
Percentage of shareholdings				
	No. of shares	%	2022	2021
BRAC Bank Limited	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.



17 Lease liabilities

See the accounting policy in Note 34C

<i>In Taka</i>	2022	2021
Current	1,912,675	743,400
Non-current	5,020,634	3,143,081
	6,933,309	3,886,481

17.1 Movement of lease liabilities

<i>In Taka</i>	2022	2021
Balance at 1 January	3,886,481	7,134,997
Addition during the year	7,362,481	-
Interest expense on leases	751,728	587,184
Adjustment during the year	(222,104)	-
Payment of lease instalments/rent paid	(4,845,277)	(3,835,701)
	6,933,309	3,886,480

18 Customer deposits

See the accounting policy in Note 34I

<i>In Taka</i>	2022	2021
Balance at 1 January	154,173,011	79,536,443
Addition during the period	37,111,514	203,069,777
Disbursed during the period	(45,653,060)	(128,433,209)
	145,631,465	154,173,011

19 Bank overdrafts

See the accounting policy in Note 34I

<i>In Taka</i>	2022	2021
BRAC Bank Limited	916,634,123	590,713,887
Eastern Bank Limited	207,944,840	-
	1,124,578,963	590,713,887

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

Type of facility	:	Overdraft 1- renewal
Facility limit	:	BDT 1,200,000,000 (BDT One Thousand Two 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	:	9%
Expiry	:	30 November 2023

Eastern Bank Limited

Type of facility	:	Overdraft 2- renewal
Facility limit	:	BDT 500,000,000 (BDT Five Hundred Million) only.
Repayment procedures	:	From operational cash flow/or own sources of borrower.
Maximum tenor	:	On demand
Purpose	:	Toward margin financing to its clients under margin rules 1999 of BSEC and subsequent derivatives.
Interest	:	9%
Expiry	:	30 June 2023



20 Short term loans

See the accounting policy in Note 34I

<i>In Taka</i>	2022	2021
Balance at 1 January	-	640,000,000
Received during the year	600,000,000	-
Repaid during the year	(600,000,000)	(640,000,000)
	-	-

*The terms and conditions of the bank overdraft are as follows:***United Finance Limited**

Type of facility	:	Revolving loan
Facility limit	:	BDT 250,000,000 (BDT Two Hundred Fifty Million) only.
Repayment procedures	:	Periodic Payment based on Credit Period
Maximum tenor	:	120 days
Purpose	:	To meet day to day operational activities.
Interest	:	9%
Expiry	:	04 May 2023

21 Account payables

See the accounting policy in Note 34I

<i>In Taka</i>		2022	2021
Broker for client trading	21.1	38,287,950	1,727,679
VAT on fee income		4,400,486	4,400,486
Payables for other PMD activities		2,963	14,802
Withholding VAT		405,023	375,582
Withholding TAX		229,549	180,022
		43,325,971	6,698,571

21.1 Broker for client trading

<i>In Taka</i>	2022	2021
Payable to third parties	1,480,470	-
Payable to related parties	36,807,480	1,727,679
	38,287,950	1,727,679

22 Other liabilities

<i>In Taka</i>	2022	2021
Sales receivable in transit	16,272,202	11,219,864
Office maintenance	5,481,051	4,999,784
Audit fees payable	540,000	460,000
IT expenses	211,386	211,386
Telephone and mobile expenses	78,641	47,502
Legal and professional fees	499,974	350,574
Printing, postage and stationery	9,001	9,001
Liability for capital expenditure	82,500	12,535
Provident fund payable	-	593,768
Entertainment expenses payable	910	-
CDBL expenses payable	125,915	-
Gratuity fund payable	918,300	13,497,244
	24,219,880	31,401,658



23 Revenue

See the accounting policy in Note 34H

<i>In Taka</i>	<i>Note</i>	2022	2021
Interest income from margin loan		85,140,951	391,834,574
Fee and commission income	23.1	79,544,229	127,059,205
		164,685,180	518,893,779

23.1 Fee and commission income

<i>In Taka</i>	<i>Note</i>	2022	2021
Portfolio Management Department (PMD)	23.1.1	76,555,396	125,329,205
Structured Finance Department (SFD)	23.1.2	2,988,833	1,730,000
		79,544,229	127,059,205

23.1.1 Portfolio Management Department (PMD)

<i>In Taka</i>	2022	2021
Settlement fees	70,444,496	42,199,856
Management fees	5,792,099	82,761,374
BO maintenance fees	227,451	231,150
Documentation fees	84,000	114,300
Commission income from IPO	7,350	22,525
	76,555,396	125,329,205

23.1.2 Structured Finance Department (SFD)

<i>In Taka</i>	2022	2021
Private equity arrangement fees	2,988,833	1,730,000
	2,988,833	1,730,000

24 Direct expenses

<i>In Taka</i>	<i>Note</i>	2022	2021
Interest expenses	24.1	(75,668,731)	(71,615,427)
Brokerage commission cost		(41,560,060)	(21,244,918)
		(117,228,791)	(92,860,345)

24.1 Interest expenses

<i>In Taka</i>	2022	2021
BRAC Bank Limited	60,501,391	52,194,733
IIDFC	-	14,219,027
United Finance	7,272,500	5,201,667
Eastern Bank Ltd.	7,894,840	-
	75,668,731	71,615,427

25 Income/(loss) from investment in securities

<i>In Taka</i>	<i>Note</i>	2022	2021
Realised gain/(loss) during the year		(87,822,746)	(119,149,019)
Fair value adjustment at reporting date	25.1	(40,670,769)	209,675,163
Dividend income		44,635,713	32,055,908
		(83,857,802)	122,582,052

25.1 Fair value adjustment at reporting date

<i>In Taka</i>	2022	2021
Unrealised gain/(loss) at opening	(14,164,455)	(223,839,618)
Unrealised gain/(loss) as at year closing	(54,835,224)	(14,164,455)
	(40,670,769)	209,675,163

26 Operating expenses

<i>In Taka</i>	2022	2021
Salaries and allowances	31,195,202	22,525,367
Rental expenses - VAT Portion	871,979	594,255
Utilities, maintenance and running expenses	8,781,432	5,667,158
CDBL expenses	4,122,477	1,906,893
Legal and professional fees	2,088,075	1,994,925
Telephone, communication and IT expenses	1,306,643	1,390,932
Printing and stationery	570,249	553,114
Travelling and conveyance	975,962	257,706
Vehicle maintenance expenses	1,019,673	172,890
Entertainment expenses	616,984	284,900
Meeting expenses	348,342	476,649
License and renewal fees	331,735	877,401
Audit fees	690,000	529,000
Advertisement	917,841	-
Regulatory fees	-	100,000
Insurance	853,800	450,640
Training expenses	147,277	82,998
Provident fund expenses	1,519,271	296,884
Gratuity fund expenses	3,464,456	13,497,244
Depreciation and amortisation	3,056,627	2,674,804
Depreciation for right-of-use assets	3,700,678	3,426,645
Loss on lease adjustments	52,801	-
Bad debt expenses	78,780	-
Provision for loans and advances	-	160,040,560
	66,710,284	217,800,965

27 Other income

<i>In Taka</i>	2022	2021
Gain on disposal of property, plant and equipment	69,000	46,248
Sub-rent income	165,600	169,200
	234,600	215,448

28 Net finance costs

<i>In Taka</i>	2022	2021
Finance income	711,285	446,013
Finance expense		
Bank charges and commission	529,427	367,856
Other expenses (interest expense on lease liabilities)	751,728	587,184
	1,281,155	955,040
	(569,870)	(509,027)

29 Income tax expense

See the accounting policy in Note 34F

<i>In Taka</i>	Note	2022	2021
Current tax expense		3,393,386	7,793,344
Adjustment for completion of assessment		22,519,964	-
		25,913,350	7,793,344
Deferred tax expense/(income)	29.1	(394,823,706)	75,776,718
		(368,910,356)	83,570,062

29.1 Deferred tax expense/(income)

<i>In Taka</i>	2022	2021
Deferred tax assets/(liabilities) at the beginning of the year	207,934,376	283,711,094
Less: Deferred tax asset at the end of the year	(602,758,082)	(207,934,376)
	(394,823,706)	75,776,718

30 Financial risk management

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

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

(i) Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit risk

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

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

(a) Exposure to credit risk

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

<i>In Taka</i>	<i>Note</i>	Carrying amount	
		2022	2021
Account receivables	9	22,217,323	28,764,319
Loans and advances to customers	12	741,921,801	289,309,374
Cash and cash equivalents	15	157,852,605	215,983,749
		921,991,729	534,057,442

(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	
		2022	2021
Neither past due nor impaired	9	22,217,323	28,764,319
Past due 1 - 30 days		-	-
Past due 31 - 90 days		-	-
Past due 91 - 120 days		-	-
Past due 121 - 360 days		-	-
Past due 361 + days		-	-
		22,217,323	28,764,319



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 2022		Contractual cash flows				
In Taka	Note	Carrying amount	Total	2 months or less	1 - 2 years	2 - 5 years
Non-derivative financial liabilities						
Customer deposits	18	145,631,465	145,631,465	145,631,465	-	-
Bank overdrafts	19	1,124,578,963	1,124,578,963	-	1,124,578,963	-
Short term loans	20	-	-	-	-	-
Account payables	21	43,325,971	43,325,972	38,925,486	-	-
Other liabilities	22	24,219,880	24,219,879	17,198,028	7,021,851	4,400,486
Lease liabilities	17	6,933,308	8,396,554	877,310	1,573,094	-
		1,344,689,587	1,346,152,833	202,632,289	1,829,118	4,117,033
				1,133,173,908	1,829,118	4,117,033
Derivative financial liabilities						
		-	-	-	-	-
		-	-	-	-	-
31 December 2021						
In Taka	Note	Carrying amount	Total	2 months or less	1 - 2 years	2 - 5 years
Non-derivative financial liabilities						
Customer deposits	18	154,173,011	154,173,011	154,173,011	-	-
Bank overdrafts	19	590,713,887	590,713,887	-	-	-
Short term loans	20	-	-	-	-	-
Account payables	21	6,698,571	6,698,571	1,727,679	-	-
Other liabilities	22	31,401,658	31,401,658	31,401,658	-	4,400,486
Lease liabilities	17	3,886,481	3,886,481	742,422	742,349	-
		786,873,608	786,873,608	188,044,770	742,349	4,400,486
				593,686,003	-	-
Derivative financial liabilities						
		-	-	-	-	-
		-	-	-	-	-

Derivative financial liabilities



(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:

financial position date is as follows.

In Taka	Note	Nominal Amount	
		2022	2021
Fixed rate instruments			
Financial liabilities		-	-
Bank overdrafts	19	1,124,578,963	590,713,887
		1,124,578,963	590,713,887
Variable rate instruments			
Financial assets			
Cash at banks	15	157,761,194	215,903,673
Financial liabilities			
Lease liabilities	17	(6,933,308)	(3,886,481)
		150,827,886	212,017,192



Notes to the financial statements (Continued)

v) Financial instruments - fair values and risk management

See the accounting policy in Note 34I

Accounting classifications and fair values

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

31 December 2022													
In Taka	Note	Fair value- hedging instruments	Carrying amount					Fair value					
			FVTPL – others	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value	10	-	-	-	-	-	-	-	-	1,040,469,819	-	-	1,040,469,819
Investments securities													
Financial assets not measured at fair value													
Account receivables	9	-	-	-	-	22,217,323	-	22,217,323	-	-	-	-	-
Loans and advances to customers	12	-	-	-	-	741,921,801	-	741,921,801	-	-	-	-	-
Cash and cash equivalents	15	-	-	-	-	157,852,605	-	157,852,605	-	-	-	-	-
		-	-	-	-	921,991,729	-	921,991,729	-	-	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value													
Customer deposits	18	-	-	-	-	-	145,631,465	145,631,465	-	-	-	-	-
Bank overdrafts	19	-	-	-	-	-	1,124,578,963	1,124,578,963	-	-	-	-	-
Account payables	21	-	-	-	-	-	43,325,971	43,325,971	-	-	-	-	-
Other liabilities	22	-	-	-	-	-	24,219,880	24,219,880	-	-	-	-	-
Lease liabilities	17	-	-	-	-	-	6,933,308	6,933,308	-	-	-	-	-
		-	-	-	-	-	1,344,689,587	1,344,689,587	-	-	-	-	-



Notes to the financial statements (Continued)

31 December 2021		Carrying amount						Fair value				
		Fair value- hedging instruments	FVTPL – others	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
In Taka	Note											
Financial assets measured at fair value												
Investments securities	10	-	-	-	-	-	-	-	1,018,842,981	-	-	1,018,842,981
Financial assets not measured at fair value												
Account receivables	9	-	-	-	-	28,764,319	-	28,764,319	-	-	-	-
Loans and advances to customers	12	-	-	-	-	289,309,374	-	289,309,374	-	-	-	-
Cash and cash equivalents	15	-	-	-	-	215,983,749	-	215,983,749	-	-	-	-
		-	-	-	-	534,057,442	-	534,057,442	-	-	-	-
Financial liabilities measured at fair value												
		-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value												
Customer deposits	18	-	-	-	-	-	154,173,011	154,173,011	-	-	-	-
Bank overdrafts	19	-	-	-	-	-	590,713,887	590,713,887	-	-	-	-
Account payables	21	-	-	-	-	-	6,698,571	6,698,571	-	-	-	-
Other liabilities	22	-	-	-	-	-	31,401,658	31,401,658	-	-	-	-
Lease liabilities	17	-	-	-	-	-	3,886,481	3,886,481	-	-	-	-
		-	-	-	-	-	786,873,608	786,873,608	-	-	-	-



31 Contingencies and commitments**a) Contingencies**

See accounting policy in Note 34G

There is no contingent liability at the end of the year (2021: Nil).

b) Commitments

The Company has no outstanding commitment as at 31 December 2022. (2021: nil)

32 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>	2022	2021
Board meeting attendance fee	348,342	476,649
	348,342	476,649

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 2022	31 December 2021	31 December 2022	31 December 2021
BRAC EPL Stock Brokerage Limited				
- Rental & Other operating expense	2,556,430	503,523		
- Brokerage transactions	50,763,233	27,946,045	(31,224,518)	10,737,035



33 Other disclosures**33.1 Number of employees**

As at 31 December 2022, number of regular employees receiving remuneration of Taka 36,000 or above per annum was 37 (31 December 2021: 30).

33.2 Comparatives

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

33.3 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>	2022	2021
Interest on lease	751,728	587,184
Depreciation on leased asset	4,054,098	3,426,644
	4,805,826	4,013,828

ii) Amounts recognised in statement of cash flows

<i>In Taka</i>	2022	2021
Total cash outflow for leases	(4,845,277)	(3,835,701)
	(4,845,277)	(3,835,701)

b) As a lessor

The Company is a lessor of a rental agreement. As the lease is a low value item, the Company is not applying IFRS 16.

33.4 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.

33.5 Basis of measurement

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

33.6 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 2022 to 31 December 2022.

33.7 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.

34 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 2022.

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 2022.

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 2022.

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 recognised when they are recovered in cash.

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 1 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.

35 Standards issued but not yet effective

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

- a) Classification of Liabilities as Current or Non- current (Amendments to IAS 1)
- 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:

- Definition of Accounting Estimates (Amendments to IAS 8).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice Statement 2)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

