

BRAC EPL Investments Limited

Independent auditors' report and financial statements as
at and for the year ended 31 December 2023



Rahman Rahman Huq
Chartered Accountants
9 & 5 Mohakhali C/A
Dhaka 1212
Bangladesh

Telephone +880 2 2222 86450-2
Fax +880 2 2222 86449
Email dhaka@kpmg.com
Internet www.kpmg.com/bd

Independent auditors' 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 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the Company as at 31 December 2023, and 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the 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 return.



Ali Ashfaq, Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Enlistment Number: CAF-001-080



Dhaka, 21 MAR 2024


DVC:


2404020509AS246934

BRAC EPL Investments Limited
Statement of financial position

<i>In BDT</i>	<i>Note</i>	31 December 2023	31 December 2022
Assets			
Property, plant and equipment	5	8,332,165	9,453,714
Intangible assets	6	1,549,350	2,394,458
Right-of-use assets	7	42,534,547	6,481,064
Deferred tax assets	8	644,433,959	602,758,082
Non-current assets		696,850,021	621,087,318
Account receivables	9	43,877,215	22,217,323
Investments securities	10	1,077,008,877	1,040,469,819
Current tax assets	11	5,947,634	9,387,752
Loans and advances to customers	12	481,215,460	741,921,801
Accrued interest and management fees receivables	13	70,502,568	51,459,044
Advances, deposits and prepayments	14	11,314,690	2,644,860
Cash and cash equivalents	15	136,072,975	157,852,605
Current assets		1,825,939,419	2,025,953,204
Total assets		2,522,789,440	2,647,040,522
Equity			
Share capital	16	2,585,000,000	2,585,000,000
Share premium		436,825,951	436,825,951
Retained earnings		(1,728,411,852)	(1,719,475,016)
Total equity		1,293,414,099	1,302,350,935
Liabilities			
Lease Liabilities	17	38,190,759	5,020,633
Non-current liabilities		38,190,759	5,020,633
Liabilities			
Customer deposits	18	125,371,257	145,631,465
Bank overdrafts	19	1,043,539,232	1,124,578,963
Short term loans	20	-	-
Account payables	21	3,145,806	43,325,971
Other liabilities	22	14,621,964	24,219,880
Lease liabilities	17	2,532,689	1,912,675
Intercompany payables	23	1,973,634	-
Current liabilities		1,191,184,582	1,339,668,954
Total liabilities		1,229,375,341	1,344,689,587
Total equity and liabilities		2,522,789,440	2,647,040,522

The notes on pages 7 to 32 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
Ali Ashfaq Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Enlistment Number: CAF-001-080

Dhaka, 21 MAR 2024

DVC: 2404020509AS246934

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

In BDT	Note	2023	2022
Revenue	24	129,873,921	164,685,180
Direct expenses	25	(127,168,134)	(117,228,791)
Gross Profit		2,705,787	47,456,389
Income /(loss) from investment in securities	26	26,534,354	(83,857,802)
Operating expenses	27	(69,132,714)	(66,710,284)
Other income	28	747,641	234,600
Operating Profit		(39,144,932)	(102,877,097)
Finance income		4,166,348	711,285
Finance costs		(1,596,013)	(1,281,155)
Net finance income/(costs)	29	2,570,335	(569,870)
Profit/(loss) before tax		(36,574,597)	(103,446,967)
Income tax (expense)/ income	30	27,637,761	368,910,356
Profit/(loss) for the year		(8,936,836)	265,463,389

The notes on pages 7 to 32 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, 21 MAR 2024




Auditor

Ali Ashfaq Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Enlistment Number: CAF-001-080

DVC: 2404020509AS246934

BRAC EPL Investments Limited
Statement of changes in equity
For the year ended 31 December 2023

<i>In BDT</i>	Attributable to the owner's of the company			Total
	Share capital	Share premium	Retained earnings	
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
Balance at 1 January 2023	2,585,000,000	436,825,951	(1,719,475,016)	1,302,350,935
Total comprehensive income				
Profit for the year	-	-	(8,936,836)	(8,936,836)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(8,936,836)	(8,936,836)
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 2023	2,585,000,000	436,825,951	(1,728,411,852)	1,293,414,099

The notes on pages 7 to 32 are an integral part of these financial statements.



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

<i>In BDT</i>	Note	2023	2022
Cash flows from operating activities			
Profit before tax		(36,574,597)	(103,446,967)
Adjustments for:			
– Depreciation	5	2,592,900	2,915,777
– Loss on lease adjustments		-	52,801
– Amortisation of intangible assets	6	845,108	140,851
– Disposal (gain)/loss of fixed assets	28	(582,041)	(69,000)
– Depreciation of right-of-use assets	7	5,170,768	3,700,678
– Interest expense	29	1,135,148	751,728
– Fair value adjustments for fall in values of investment in securities	26	(71,854,402)	40,670,769
		(62,692,519)	48,163,604
Changes in:			
– Loans and advances to customers	12	260,706,346	(452,612,427)
– Accrued interests and management fees receivables	13	(19,043,524)	(29,394,369)
– Account receivables	9	(21,070,892)	6,546,996
– Advances, deposits and prepayments	14	(8,669,830)	(884,098)
– Customer deposits	18	(20,260,208)	(8,541,546)
– Account payables	21	(40,180,165)	36,627,400
– Intercompany payables	23	1,973,634	-
– Other liabilities	22	(9,597,916)	(7,181,778)
Cash generated from operating activities		143,857,445	(455,439,822)
Income taxes paid	11	(10,597,999)	(8,822,243)
Net cash from/(used in) operating activities		33,992,330	(519,545,428)
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	(1,546,810)	(2,841,596)
Acquisition of Intangible Assets		-	(2,535,309)
Proceeds from sale of property, plant and equipment		68,500	69,000
Sale/(purchase) of investment securities		35,315,344	(62,297,607)
Net cash used in investing activities		33,837,034	(67,605,512)
Cash flows from financing activities			
Payment for lease liabilities	17	(5,797,263)	(4,845,277)
Receipt/(repayment) of bank overdraft	19	(81,039,731)	533,865,073
Advance payment for lease assets		(2,772,000)	-
Net cash from/(used) in financing activities		(89,608,994)	529,019,796
Net increase in cash and cash equivalents		(21,779,630)	(58,131,144)
Cash and cash equivalents at 1 January		157,852,605	215,983,749
Cash and cash equivalents at 31 December	15	136,072,975	157,852,605

The notes on pages 7 to 32 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 PLC acquired 51% of its equity in August 2009 and a further 25% in May 2011. In 30 June 2016 BRAC Bank PLC subscribed 200 million shares further to increase the Company's paid up capital. BRAC Bank PLC 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-04, 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 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

21 MAR 2024

Details of the Company's accounting policies are included in Note 35.

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:

Note 17 and 35C Lease liabilities

b. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2023 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:

Note 5 and 35A	Property, plant and equipment
Note 6 and 35B	Intangible assets
Note 8 and 35F	Deferred tax assets
Note 11 and 35F	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 35A

<i>In BDT</i>	Office floor space	Leasehold improvement	Office equipment	IT equipment	Motor vehicles	Furniture & fittings	Total
Cost							
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
Balance at 1 January 2023	6,348,797	4,721,880	9,407,529	16,296,036	12,104,340	4,304,282	53,182,864
Additions	-	-	1,056,747	442,226	-	47,837	1,546,810
Disposals	-	(554,554)	(550,000)	(1,309,260)	-	-	(2,413,814)
Balance at 31 December 2023	6,348,797	4,167,326	9,914,276	15,429,002	12,104,340	4,352,119	52,315,860
Accumulated depreciation							
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
Balance at 1 January 2023	3,951,966	1,865,833	8,428,073	13,800,697	12,104,340	3,578,241	43,729,150
Additions	307,383	634,332	226,137	1,278,266	-	146,782	2,592,900
Disposals	-	(479,095)	(550,000)	(1,309,260)	-	-	(2,338,355)
Balance at 31 December 2023	4,259,349	2,021,070	8,104,210	13,769,703	12,104,340	3,725,023	43,983,695
Carrying amounts							
At 1 January 2022	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
At 31 December 2023	2,089,448	2,146,256	1,810,066	1,659,299	-	627,096	8,332,165



6 Intangible assets

See accounting policies in Note 35B

<i>In BDT</i>	Software	Total
Cost		
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
Balance at 1 January 2023	3,483,920	3,483,920
Additions	-	-
Disposals	-	-
Balance at 31 December 2023	3,483,920	3,483,920
Accumulated depreciation		
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
Balance at 1 January 2023	1,089,462	1,089,462
Amortisation	845,108	845,108
Disposals	-	-
Balance at 31 December 2023	1,934,570	1,934,570
Carrying amounts		
At 1 January 2022	-	-
At 31 December 2022	2,394,458	2,394,458
At 31 December 2023	1,549,350	1,549,350

7 Right of use assets

See accounting policy in Note 35C

<i>In BDT</i>	Office space	Total
Cost		
Balance at 1 January 2022	10,880,359	10,880,359
Additions	7,362,481	7,362,481
Disposals	(274,905)	(274,905)
Balance at 31 December 2022	17,967,935	17,967,935
Balance at 1 January 2023	17,967,935	17,967,935
Additions	41,772,728	41,772,728
Disposals	(13,862,148)	(13,862,148)
Balance at 31 December 2023	45,878,515	45,878,515
Accumulated depreciation		
Balance at 1 January 2022	7,786,193	7,786,193
Depreciation	4,054,098	4,054,098
Disposals	(353,420)	(353,420)
Balance at 31 December 2022	11,486,871	11,486,871
Balance at 1 January 2023	11,486,871	11,486,871
Depreciation	5,170,768	5,170,768
Disposals	(13,313,671)	(13,313,671)
Balance at 31 December 2023	3,343,968	3,343,968
Carrying amounts		
At 1 January 2021	3,094,166	3,094,166
At 31 December 2022	6,481,064	6,481,064
At 31 December 2023	42,534,547	42,534,547

8 Deferred tax assets

See the accounting policy in Note 35F

<i>In BDT</i>	2023	2022
Balance at 1 January	602,758,082	207,934,376
Deferred tax income for the year	41,675,877	394,823,706
Balance at 31 December	644,433,959	602,758,082

<i>In BDT</i>	Note	Carrying amount on reporting date	Tax base	Taxable/ (deductible) temporary difference
At 31 December 2023				
Property, plant and equipment	5	8,332,165	24,317,288	(15,985,123)
Intangible assets	6	1,549,350	2,062,070	(512,720)
Right of use assets	7	42,534,547	-	42,534,547
Lease liabilities	17	(40,723,448)	-	(40,723,448)
Unabsorbed business loss	8.1	-	444,014,248	(444,014,248)
Unabsorbed depreciation	8.1	-	35,082,096	(35,082,096)
Provision for bad debt	9.3	(12,871,697)	-	(12,871,697)
Provisions for loans and advances	12.1	(1,211,835,770)	-	(1,211,835,770)
Taxable / (deductible) temporary differences		(1,213,014,853)	505,475,702	(1,718,490,555)

Applicable tax rate	37.5%
Deferred tax assets / (liabilities)	644,433,959

<i>In BDT</i>	Note	Carrying amount on reporting date	Tax base	Taxable/ (deductible) temporary difference
At 31 December 2022				
Property, plant and equipment	5	9,453,714	26,142,449	(16,688,735)
Intangible assets	6	2,394,458	2,298,718	95,740
Right of use assets	7	6,481,064	-	6,481,064
Lease liabilities	17	(6,933,308)	-	(6,933,308)
Unabsorbed business loss		-	365,602,178	(365,602,178)
Provision for bad debt	9.3	(12,871,697)	-	(12,871,697)
Provisions for loans and advances	12.1	(1,211,835,770)	-	(1,211,835,770)
Taxable / (deductible) temporary differences		(1,213,311,539)	28,441,168	(1,607,354,885)

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

8.1 Business loss and unabsorbed depreciation

<i>In BDT</i>	Business loss	Unabsorbed depreciation	Total
Assessment year 2024-2025	(68,387,587)	(3,237,978)	(71,625,565)
Assessment year 2023-2024	(30,339,198)	(3,502,577)	(33,841,775)
Assessment year 2022-2023	-	-	-
Assessment year 2021-2022	(123,948,716)	(3,775,936)	(127,724,652)
Assessment year 2020-2021	(156,614,086)	(3,880,227)	(160,494,313)
Assessment year 2019-2020	(64,724,661)	(4,594,709)	(69,319,370)
Assessment year 2018-2019	-	(4,550,037)	(4,550,037)
Assessment year 2017-2018	-	(5,451,423)	(5,451,423)
Assessment year 2016-2017	-	(6,089,209)	(6,089,209)
	(444,014,248)	(35,082,096)	(479,096,344)



9 Account receivables

See the accounting policy in Note 35I

<i>In BDT</i>	<i>Note</i>	2023	2022
Portfolio Management Department (PMD)	9.1	32,103,466	6,440,701
Investment Banking Department (IBD)	9.2	12,871,697	12,871,697
Dividend receivables		11,184,749	15,776,622
Other receivable		589,000	-
		56,748,912	35,089,020
Less: Provision for bad debt	9.3	(12,871,697)	(12,871,697)
		43,877,215	22,217,323

9.1 Portfolio Management Department (PMD)

<i>In BDT</i>	2023	2022
Receivables from brokerage for client trading	4,247,975	6,440,701
Receivables from brokerage for own investment	27,855,491	-
	32,103,466	6,440,701

9.2 Investment Banking Department (IBD)

<i>In BDT</i>	2023	2022
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 BDT</i>	2023	2022
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 35D

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 BDT</i>	2023	2022
Investment in quoted securities	1,061,453,877	1,030,469,819
Investment in IPO	15,555,000	10,000,000
	1,077,008,877	1,040,469,819



Notes to the financial statements (continued)

11 Current tax assets/(liabilities)

See the accounting policy in Note 35F

<i>In BDT</i>	Note	2023	2022
Advance income tax	11.1	167,086,011	200,149,652
Provision for tax	11.2	(161,138,377)	(190,761,900)
		5,947,634	9,387,752

11.1 Advance income tax

<i>In BDT</i>	2023	2022
Balance at 1 January	200,149,652	101,379,467
Deposits including deductions at source	6,876,803	8,772,352
Adjustment for prior year	(39,940,444)	89,997,833
	167,086,011	200,149,652

11.2 Provision for tax

<i>In BDT</i>	2023	2022
Balance at 1 January	190,761,900	74,900,609
Provision made during the year	13,595,413	3,393,386
Adjustment for prior year	(43,218,936)	112,467,905
	161,138,377	190,761,900

12 Loans and advances to customers

See the accounting policy in Note 35I

<i>In BDT</i>	Note	2023	2022
Opening Balance		1,953,757,571	1,501,145,144
Disbursement during the year		24,906,313	562,062,221
Recovered during the year		(285,612,654)	(109,449,794)
		1,693,051,230	1,953,757,571
Less: Provision for loans and advances	12.1	(1,211,835,770)	(1,211,835,770)
		481,215,460	741,921,801

12.1 Provisions for loans and advances

<i>In BDT</i>	2023	2022
Opening Balance	1,211,835,770	1,211,835,770
Provisions made during the year	-	-
Provision released during the year	-	-
	1,211,835,770	1,211,835,770

13 Accrued interest and management fees receivables

<i>In BDT</i>	2023	2022
Accrued interest receivables	65,992,006	48,969,850
Accrued management fees receivables	4,510,562	2,489,194
	70,502,568	51,459,044



14 Advances, deposits and prepayments

<i>In BDT</i>	2023	2022
Advances	10,711,515	1,285,959
Deposits	330,000	1,358,900
Prepayments	273,175	-
	11,314,690	2,644,860

15 Cash and cash equivalents

See the accounting policy in Note 35I

<i>In BDT</i>	2023	2022
Cash in hand	52,774	91,411
	52,774	91,411
Cash at bank		
BRAC Bank PLC	123,801,363	109,884,521
Standard Chartered Bank	6,814,784	46,324,963
NRB Commercial Bank PLC	-	525,119
NRB Bank	-	9,022
One Bank PLC	4,984,365	568,048
Standard Bank Ltd.	-	2,149
Midland Bank Ltd.	92,540	93,230
Eastern Bank PLC	308,753	354,142
City Bank PLC	18,396	-
	136,020,201	157,761,194
Cash and cash equivalents in the statement of financial position	136,072,975	157,852,605
Cash and cash equivalents in the statement of cash flows	136,072,975	157,852,605

16 Share capital

<i>In BDT</i>	No. of shares		Amount in BDT	
	2023	2022	2023	2022
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	%	2023	2022
BRAC Bank PLC	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 PLC (hereinafter called the "said Transferee") acquired shares from the minority shareholders on 19th November 2017. BRAC Bank PLC currently holding 99.95% of shares of the Company's total subscribed shares.

Notes to the financial statements (continued)

17 Lease liabilities

See the accounting policy in Note 35C

<i>In BDT</i>	2023	2022
Current	2,532,689	1,912,675
Non-current	38,190,759	5,020,633
	40,723,448	6,933,308

17.1 Movement of lease liabilities

<i>In BDT</i>	2023	2022
Opening	6,933,308	3,886,480
Addition during the year	39,000,729	7,362,481
Interest expense on leases	1,081,049	751,728
Adjustment during the year	(494,378)	(222,104)
Payment of lease instalments	(5,797,263)	(4,845,277)
	40,723,445	6,933,308

18 Customer deposits

See the accounting policy in Note 35I

<i>In BDT</i>	2023	2022
Opening balance	145,631,465	154,173,011
Addition during the period	145,138,297	37,111,514
Disbursed during the period	(165,398,505)	(45,653,060)
	125,371,257	145,631,465

19 Bank overdrafts

See the accounting policy in Note 35I

<i>In BDT</i>	2023	2022
BRAC Bank PLC	852,422,016	916,634,123
Eastern Bank PLC	191,117,216	207,944,840
	1,043,539,232	1,124,578,963

The terms and conditions of the bank overdraft are as follows:

BRAC Bank PLC

Type of facility	:	Overdraft 1- renewal
Facility limit	:	BDT 1,200,000,000 (BDT twelve 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	:	*SMART + 3.50% per annum(Variable)
Expiry	:	30 November 2024

Eastern Bank PLC

Type of facility	:	Overdraft 2- renewal
Facility limit	:	BDT 200,000,000 (BDT Two hundred million)
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	:	*SMART + 2.50% per annum
Expiry	:	30 June 2024

20 Short term loan

See the accounting policy in Note 35I

<i>In BDT</i>	2023	2022
Opening	-	-
Received during the year	100,000,000	600,000,000
Repaid during the year	(100,000,000)	(600,000,000)
	-	-

21 Account payables

See the accounting policy in Note 35I

<i>In BDT</i>	2023	2022
Broker for client trading	2,270,814	38,287,950
VAT on fee income	-	4,400,486
Payables for other PMD activities	3,114	2,964
Other payable	644,315	-
Withholding VAT	161,117	405,023
Withholding TAX	66,446	229,548
	3,145,806	43,325,971

22 Other liabilities

<i>In BDT</i>	2023	2022
Sales receivable in transit	5,183,636	16,272,202
Office maintenance	323,192	5,481,051
Telephone and mobile expenses	36,190	78,641
Legal and professional fees Payable	606,500	499,974
Audit fees payable (statutory, GF and PF audit)	724,500	540,000
IT expenses	-	211,386
Printing- postage & stationary	-	9,001
Liability for fixed assets	-	82,500
Entertainment expenses payable	531	910
CDBL expenses payable	41,429	125,915
Suspended income	6,455,376	-
Gratuity fund payable	1,250,610	918,300
	14,621,964	24,219,880

23 Inter-company payable

<i>In BDT</i>	2023	2022
BRAC EPL Stock Brokerage Ltd.	1,973,634	-
	1,973,634	-



Notes to the financial statements (continued)

24 Revenue

See the accounting policy in Note 35H

<i>In BDT</i>	<i>Note</i>	2023	2022
Interest income from margin loan		89,863,437	85,140,951
Fee and commission income	24.1	40,010,484	79,544,229
		129,873,921	164,685,180

24.1 Fee and commission income

<i>In BDT</i>	<i>Note</i>	2023	2022
Portfolio Management Department (PMD)	24.1.1	38,390,484	76,555,396
Investment Banking Department (IBD)	24.1.2	1,620,000	2,988,833
		40,010,484	79,544,229

24.1.1 Portfolio Management Department (PMD)

<i>In BDT</i>	2023	2022
Settlement fees	31,368,403	70,444,496
Management fees	6,767,386	5,792,099
BO maintenance fees	218,900	227,451
Documentation fees	34,900	84,000
Commission income from IPO	895	7,350
	38,390,484	76,555,396

24.1.2 Investment Banking Department (IBD)

<i>In BDT</i>	2023	2022
Corporate advisory fees	1,620,000	2,988,833
	1,620,000	2,988,833

25 Direct expenses

<i>In BDT</i>	<i>Note</i>	2023	2022
Interest expenses	25.1	(109,751,694)	(75,668,731)
Brokerage commission cost		(17,416,440)	(41,560,060)
		(127,168,134)	(117,228,791)

25.1 Interest expenses

<i>In BDT</i>	2023	2022
BRAC Bank PLC	90,456,478	60,501,391
United Finance	175,000	7,272,500
Eastern Bank PLC	19,120,216	7,894,840
	109,751,694	75,668,731



Notes to the financial statements (continued)

26 Income /(loss) from investment in securities

<i>In BDT</i>	<i>Note</i>	2023	2022
Realised gain/(loss) during the year		(70,708,565)	(87,822,746)
Fair value adjustment at reporting date	26.1	71,854,402	(40,670,769)
Dividend income		25,399,517	44,635,713
IPO bidding charge		(11,000)	-
		26,534,354	(83,857,802)

26.1 Fair value adjustment at reporting date

<i>In BDT</i>	2023	2022
Unrealised gain/(loss) at opening	(54,835,224)	(14,164,455)
Unrealised gain/(loss) as at year closing	17,019,178	(54,835,224)
	71,854,402	(40,670,769)

27 Operating expenses

<i>In BDT</i>	2023	2022
Salaries and allowances	41,671,665	31,195,202
Rental expenses- VAT Portion	1,143,756	871,979
Utilities, maintenance and running expenses	2,701,446	8,781,432
CDBL expenses	1,479,112	4,122,477
Legal and professional fees	1,612,026	2,088,075
Telephone, communication and IT expenses	1,631,092	1,306,642
Printing and stationery	365,057	570,249
Travelling and conveyance	218,580	975,962
Vehicle related expenses	1,469,704	1,019,673
Entertainment expenses	591,593	616,984
Meeting expenses	313,332	348,342
License and renewal fees	807,997	331,735
Audit fees	825,700	690,000
Advertisement	893,038	917,841
Insurance	1,119,021	853,800
Training expense	284,741	147,277
Provident fund expense	2,090,755	1,519,272
Gratuity fund expenses	5,499,053	3,464,456
Depreciation & amortisation	3,438,009	3,056,627
Depreciation for right-of-use assets	5,170,768	3,700,678
Loss on lease adjustments	-	52,801
Bad debt expenses	39,531	78,780
Cloud services	167,224	-
Provision for accounts receivable	(4,400,486)	-
	69,132,714	66,710,284



Notes to the financial statements (continued)

28 Other income

<i>In BDT</i>	2023	2022
Gain on disposal of property, plant and equipment	582,041	69,000
Sub-rent Income	165,600	165,600
	747,641	234,600

29 Net finance cost

<i>In BDT</i>	2023	2022
Finance income	4,166,348	711,285
Financial expenses		
Bank charges and commission	460,865	529,427
Other expenses (interest expenses on right of use assets)	1,135,148	751,728
	1,596,013	1,281,155
	2,570,335	(569,870)

30 Income tax expense/ (income)

See the accounting policy in Note 35F

<i>In BDT</i>	Note	2023	2022
Current tax expense		8,109,671	3,393,386
Tax expense related to previous (AY 23-24)		5,485,742	-
Adjustment for completion of assessment		442,703	22,519,964
		14,038,116	25,913,350
Deferred tax expense/(income)	30.1	(41,675,877)	(394,823,706)
		(27,637,761)	(368,910,356)

30.1 Deferred tax expense/(income)

<i>In BDT</i>	2023	2022
Deferred tax assets/(liabilities) at the beginning of the year	602,758,082	207,934,376
Less: Deferred tax asset at the end of the year	(644,433,959)	(602,758,082)
	(41,675,877)	(394,823,706)



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 BDT</i>	<i>Note</i>	2023	2022
Account receivables	9	43,877,215	22,217,323
Investments securities	10	1,077,008,877	1,040,469,819
Loans and advances to customers	12	481,215,460	741,921,801
Cash and cash equivalents	15	136,072,975	157,852,604
		1,738,174,527	1,962,461,547

(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>	2023	2022
Current (no past due)	9	43,877,215	22,217,323
1 - 30 days past due		-	-
31 - 90 days past due		-	-
91 - 120 days past due		-	-
121 - 360 days past due		-	-
More than 360 days past due		-	-
		43,877,215	22,217,323



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 2023		Contractual cash flows				
In BDT	Note	Carrying amount	Total	2 months or less	1 - 2 years	More than 5 years
Non-derivative financial liabilities						
18		125,371,257	125,371,257	125,371,257	-	-
19		1,043,539,232	1,043,539,232	-	-	-
20		-	-	1,043,539,232	-	-
21		3,145,806	3,145,806	3,145,806	-	-
22		14,621,964	14,621,964	5,584,978	6,455,376	-
17		40,723,448	40,723,448	511,525	4,145,181	21,038,398
23		1,973,634	1,973,634	1,973,634	-	-
		1,229,375,341	1,229,375,341	134,613,566	10,600,557	21,038,398

Derivative financial liabilities

		-	-	-	-	-
		-	-	-	-	-

31 December 2022

31 December 2022		Contractual cash flows				
In BDT	Note	Carrying amount	Total	2 months or less	1 - 2 years	More than 5 years
Non-derivative financial liabilities						
18		145,631,465	145,631,465	145,631,465	-	-
19		1,124,578,963	1,124,578,963	-	-	-
20		-	-	1,124,578,963	-	-
21		43,325,971	43,325,972	38,925,486	-	4,400,486
22		24,219,880	24,219,879	17,198,028	7,021,851	-
17		6,933,308	8,396,554	877,310	1,829,118	4,117,033
23		-	-	-	-	-
		1,344,689,587	1,346,152,833	202,632,289	1,133,173,908	4,400,486

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:

<i>In BDT</i>	<i>Note</i>	Nominal Amount	
		2023	2022
Fixed rate instruments			
Bank overdrafts	19	1,043,539,232	1,124,578,963
		1,043,539,232	1,124,578,963
Variable rate instruments			
Financial assets			
Cash at banks	15	136,020,201	157,761,194
Financial liabilities			
Lease liabilities	17	(40,723,448)	(6,933,308)
		95,296,753	150,827,886



Notes to the financial statements (Continued)

v) Financial instruments - fair values and risk management

See the accounting policy in Note 351

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 non-financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

In BDT	Note	Carrying amount					Fair value							
		Fair value- hedging instruments	FVTPL – others	FVOCI – instruments	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
31 December 2023														
Financial assets measured at fair value														
Investment securities	10	-	-	-	-	-	-	-	-	-	1,077,008,877	-	-	1,077,008,877
Financial assets not measured at fair value														
Account receivables	9	-	-	-	-	-	43,877,215	-	-	-	43,877,215	-	-	-
Loans and advances to customers	12	-	-	-	-	-	481,215,460	-	-	-	481,215,460	-	-	-
Cash and cash equivalents	15	-	-	-	-	-	136,072,975	-	-	-	136,072,975	-	-	-
		-	-	-	-	-	661,165,650	-	-	-	661,165,650	-	-	-
Financial liabilities measured at fair value														
Financial liabilities not measured at fair value														
Customer deposits	18	-	-	-	-	-	-	125,371,257	-	-	125,371,257	-	-	-
Bank overdrafts	19	-	-	-	-	-	-	1,043,539,232	-	-	1,043,539,232	-	-	-
Account payables	21	-	-	-	-	-	-	3,145,806	-	-	3,145,806	-	-	-
Other liabilities	22	-	-	-	-	-	-	14,621,964	-	-	14,621,964	-	-	-
Lease liabilities	17	-	-	-	-	-	-	40,723,448	-	-	40,723,448	-	-	-
		-	-	-	-	-	-	1,227,401,707	-	-	1,227,401,707	-	-	-

Notes to the financial statements (Continued)

In SDT	Note	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	
Financial assets measured at fair value													
Investments securities	10	-	-	-	-	-	-	-	1,040,469,819	-	-	-	1,040,469,819
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)

32 Contingencies and commitments

Contingencies

See accounting policy in Note 35G

There is no contingent liability at the end of the year 2023 (2022: Nil).

Commitments

The Company has no outstanding commitment as at 31 December 2023. (2022: Nil)

33 Related parties

a) Parent and ultimate controlling party

BRAC Bank PLC 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 BDT</i>	2023	2022
Board meeting attendance fee	313,332	348,342
	313,332	348,342

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 BDT</i>	Transaction values during the year		Balance outstanding as at	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
BRAC EPL Stock Brokerage Limited				
- Rental & Other operating expense	3,495,316	2,556,430	(1,973,634)	-
- Share trading and other expenses	18,262,896	50,763,233	29,817,755	(31,224,518)

34 Other disclosures

34.1 Number of employees

As at 31 December 2023, number of regular employees receiving remuneration of Taka 36,000 or above per annum was 34 (31 December 2022: 30).

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 a store. The leases typically run for a period of 3-6 years, with an option to renew the lease after that date. Lease payments are adjusted at predetermined intervals.

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

i) Amounts recognised in profit or loss

<i>In BDT</i>	2023	2022
Interest on lease	1,081,049	751,728
Depreciation on leased asset	5,170,768	4,054,098
	6,251,817	4,805,826

ii) Amounts recognised in statement of cash flows

<i>In BDT</i>	2023	2022
Total cash outflow for leases	(8,569,263)	(4,845,277)
	(8,569,263)	(4,845,277)

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 2023 to 31 December 2023.

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 Material 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 (10%) at 1 January 2023.

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 2023

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 2023.

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 brokerage 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.

36 New accounting standards or amendments for 2023 and forthcoming requirements

(i) New Currently effective requirements: A number of new accounting standards and amendments to accounting standards are required to be applied by an entity with an annual reporting period beginning on 1 January 2023, which are as follows:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies- Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimate- Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities Arising from a Single Transaction- Amendments to IAS 12.

(ii) Forthcoming requirements: The list below includes the recent changes to the IFRS accounting standards that are required to be applied for an annual period beginning after 1 January 2023 and that are available for early adoption in annual periods beginning on 1 January 2023. The entity has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed interim financial statements.

- Non-current Liabilities with Covenants- Amendments to IAS 1
- Classification of Liabilities as Current or Non-current- Amendments to IAS 1.
- Lease Liability in Sale and Leaseback- Amendment to IFRS-16.

