

Statement of Cash Flows

MTB Capital Ltd.
Statement of Cash Flows
For the year ended 31 December 2019

Particulars	Amount in BDT	
	2019	2018
Net profit during the year (after tax)	4,003,271	39,243,038
Add: Amount considered as non cash items:		
Depreciation charged during the year	683,462	805,767
Increase/(decrease) in provision for diminution in value of investments	7,000,000	500,000
Increase/(decrease) in provision for margin loan	15,000,000	2,500,000
Increase/(decrease) in provision for expenses	(165,000)	367,819
Increase/(decrease) in provision for income tax	13,212,994	1,407,121
Increase/(decrease) in deferred tax liability	(14,837)	(23,208)
Sub total of non cash items	35,716,619	5,557,498
Changes in working capital components		
Increase/(decrease) in accounts payable	(9,807,518)	7,634,558
Increase/(decrease) in accounts receivable	5,063,016	(3,425,878)
Increase/(decrease) in advance & prepayment	(10,072,443)	(4,573,829)
(A) Net cash flow from operating activities	24,902,945	44,435,388
Cash flow from investing activities:		
Increase/(decrease) in investment in securities	(8,315,035)	(48,583,994)
(Increase)/decrease in purchase of premises & fixed asset	(94,290)	(24,214)
(Increase)/decrease in margin loan to clients	(25,906,159)	5,830,957
(B) Net cash flow from investing activities	(34,315,483)	(42,777,257)
Cash flow from financing activities:		
Increase/(decrease) in short term borrowings	-	-
(C) Net cash flow from financing activities	-	-
D) Net cash increase / (decrease) (A+B+C)	(9,412,538)	1,658,137
E) Opening cash and cash equivalents	18,153,727	16,495,590
F) Closing cash and cash equivalents	8,741,189	18,153,727
Net operating cash flow per share (NOCFPS)	7.33	13.07

Chief Executive Officer:  Chairman: 

Notes to the Financial Statements

MTB Capital Ltd.
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1.00 Legal status of the company
MTB Capital Ltd. (MTBCL), a fully owned subsidiary of Mutual Trust Bank Limited, was incorporated in Bangladesh as a private limited company. MTBCL is a full fledged merchant bank and obtained registration No. C-80040 from the Registrar Joint Stock Companies and Firms (RSC), Dhaka, Bangladesh on October 08, 2009 under the Companies Act, 1994. The company has commenced its operation on April 18, 2011.

1.01 Nature of business
The main activities of the company are issue management, underwriting, portfolio management whether discretionary or non-discretionary, corporate advisory services to the clients including advisory services on merger and amalgamation, capital restructuring, etc.

1.02 Significant accounting policies
The financial statements of the company are made up to 31 December 2019 and prepared under the historical cost convention except investment in securities as a going concern and in accordance with the Companies Act 1994, International Financial Reporting Standards (IFRS), the Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchange Limited Listing Regulations, Income Tax Ordinance, 1988 and other laws and rules applicable in Bangladesh.

1.03 Statement of cash flows
Statement of cash flows has been prepared in accordance with the International Accounting Standard (IAS)-7 "Statement of Cash Flows".

1.04 Property, plant and equipment
Recognition and measurement:
Property, plant and equipments are measured at cost less accumulated depreciation and accumulated impairment losses, if any.
Cost includes expenditure that is directly attributable to the acquisition of asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner.

1.05 Depreciation
Depreciation is charged using reducing balance method as per International Accounting Standard (IAS)-16 "Property plant & equipment". The rates of depreciation used are as follows:

Category of assets	Rate of depreciation
Plant & Furniture	10%
Office equipment	20%
Interior decoration	10%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the Statement of Profit or Loss and other Comprehensive Income.

1.06 Revenue recognition
The accounting policies adopted for the recognition of revenue are as follows:

1.07 Interest income
Interest on margin loan to investors is recognized as revenue on an accrual basis and interest receivable on such loan is capitalized with original loan on quarterly basis.

1.08 Dividend income
Dividend income on investment in securities has been recognized when the shareholders right to receive payment is established.

1.09 Capital gain / (loss) on sale of securities
Capital gain/(loss) on sale of securities is accounted for based on difference between average sale proceeds of securities and cost of securities sold.

1.10 Fees and commission income
Fees and commission income includes portfolio management fees, settlement charges, issue management fees, underwriting commissions and any other such fees and commissions.

1.11 Cash and bank balance
Cash and bank balance includes cash in hand and cash at bank, which are held and are available for use by the company without any restriction.

1.12 Investment in securities
Investment in securities is recognized at the end of the period at cost price of investment made by the company.

1.13 Reporting in the period
These financial statements cover one year from 1st January 2019 to 31 December 2019.

1.14 General
i) Comparative information have been disclosed for all numerical information of the financial statements and also the narrative and descriptive information so as to clarify the current year position with that of preceding year.
Changes Format:
Statement of financial position format has been changed for ensuring better comparability in line with IAS-1 without changes facts & figures. Prior period figure has remained unchanged and no rearrangement has been made due to change format.
ii) The figures in the financial statements are presented in Bangladeshi Taka (BDT), which is the company's functional currency. Figures in these notes and financial statements have been rounded off to the nearest Taka value.

4.00 Property, plant & equipment

Particulars	Amount in BDT	
	31.12.2019	31.12.2018
Cost:		
Opening balance	12,604,599	12,580,385
Addition during the year	94,290	24,214
Total cost	12,698,889	12,604,599
Depreciation:		
Opening balance	7,715,350	6,909,583
Add: Depreciation charged during the year	683,462	805,767
Written down value (Detail is shown in Annexure - A)	8,398,812	7,715,350
	4,300,077	4,889,249

6.00 Margin loans to clients

Particulars	Amount in BDT	
	2019	2018
Margin loan to investors - Non- Discretionary Account (NDA)	237,178,479	212,736,206
Margin loan to investors - Discretionary Account (DA)	3,935,527	2,471,649
	241,114,007	215,207,848

8.00 Advance and prepayments

Particulars	Amount in BDT	
	2019	2018
Advance income tax (Note: 8.01)	40,116,584	29,677,469
Advance to employees (Note: 8.02)	1,150,195	1,516,867
	41,266,779	31,194,336

10.00 Share capital

Particulars	Amount in BDT	
	2019	2018
Authorized capital	500,000,000	500,000,000
500,000 ordinary shares of Tk. 100 each.		
Issued, subscribed and paid-up capital:	339,889,000	308,990,000
3,398,990 ordinary shares of Tk. 100 each		

11.00 Retained earnings

Particulars	Amount in BDT	
	2019	2018
Opening balance	50,855,407	39,702,369
Add: Net profit after tax during the year	4,003,271	39,243,038
Less: Stock dividend	30,899,000	28,090,000
Closing balance	23,959,678	50,855,407

13.00 Accounts payable

Particulars	Amount in BDT	
	2019	2018
LeadsSoft BD Ltd.	414,556	414,556
Audit fees payable	55,000	55,000
Payable to brokers	41,500,946	8,776,827
Client deposits	5,093,288	10,678,182
VAT payable	1,131,143	1,111,510
Source tax payable	8,500	21,875
	10,850,432	20,657,950

15.00 Provision for diminution in value of investments

Particulars	Amount in BDT	
	2019	2018
Opening balance	13,000,000	12,500,000
Addition during the year (Note-28.00)	7,000,000	500,000
	20,000,000	13,000,000

17.00 Provision for current tax

Particulars	Amount in BDT	
	2019	2018
Opening balance	38,504,784	37,097,663
Add: Addition during the year (Note-30.01)	13,212,994	20,537,777
Less: Adjustment during the year	(19,130,656)	(19,130,656)
	31,712,772	38,504,784

18.01 Net Assets

Particulars	Amount in BDT	
	2019	2018
Net Assets (18.01)	363,848,678	359,845,407
Number of ordinary shares outstanding	107	106

Notes to the Financial Statements

19.00 Interest income

Particulars	Amount in BDT	
	2019	2018
Interest on margin loan - Non-Discretionary Account (NDA)	33,325,056	31,338,207
Interest on loan loan - Discretionary Account (DA)	139,568	13,319
Interest on bank accounts	6,161	1,367,390
	33,470,785	32,719,526

20.00 Income from investment

Particulars	Amount in BDT	
	2019	2018
Dividend income	3,495,979	3,638,358
Capital gain on sale of securities	5,708,927	19,695,329
	9,204,906	23,333,684

21.00 Underwriting commission

Particulars	Amount in BDT	
	2019	2018
Zaheen Spinning Limited	-	1,288,818
Silco Pharmaceutical Ltd.	157,500	-
Rishid Feed Ltd.	131,250	-
Coppertech Ind. Ltd.	250,000	-
Rush Shine Textiles Ltd.	-	-
Banshuhara Paper Mills Ltd.	-	250,000
	538,750	1,538,818

22.00 Issue management fees

Particulars	Amount in BDT	
	2019	2018
Zaheen Spinning Limited	-	500,000
Krishid Feed Ltd.	800,000	700,000
Mutual Trust Bank Ltd.	3,300,937	1,000,000
Union Infoway Ltd.	-	971,750
Gardien Wears Limited	2,000,000	2,800,000
Coppertech Industries Limited	2,000,000	2,500,000
Nialco Alloys Limited	1,100,000	-
Strategic Finance Ltd.	150,000	-
Alliance Capital Asset Management Ltd.	100,000	-
Classic Foils Ltd.	300,000	-
R.A. Spinning Mills Ltd.	200,000	-
	7,980,937	8,471,750

23.00 Settlement fees & documentation charges

Particulars	Amount in BDT	
	2019	2018
Settlement fee	1,463,606	2,968,690
Documentation charge	1,485,606	2,990,690
	2,949,212	5,959,380

24.00 Portfolio management fees

Particulars	Amount in BDT	
	2019	2018
Non-discretionary account	4,058,698	10,996,704
Discretionary account	270,447	443,178
	4,329,145	11,439,882

25.00 Trustee fees

Particulars	Amount in BDT	
	2019	2018
	1,150,000	1,250,000
	1,150,000	1,250,000

26.00 Other operating income

Particulars	Amount in BDT	
	2019	2018
IPO charges	10,340	12,910
Adjusted IPO account charge	100,000	144,450
Share transmission fees	138,114	-
Dematerialisation fees	502,234	-
Rental income	732,000	732,000
	1,546,038	889,360

27.00 Office & administrative expenses

Particulars	Amount in BDT	
	2019	2018
Salary and remuneration	11,902,633	11,074,769
Office rent expense	3,487,392	3,631,437
Postage, telephone, fax, stamp	111,000	113,358
Printing & stationery	211,267	95,468
Advertising expense	658,833	184,192
Directors' fee	68,750	675,000
Auditors' fee	68,750	68,750
Depreciation expenses	683,462	805,767
Repairs and maintenance	267,700	292,823
Car expense	901,182	911,438
CTBL charge	483,305	294,145
Entertainment	627,682	610,598
Cleaning service charge	405,900	349,805
Fee & registration	199,540	261,565
Bank charges	80,481	124,037
Conveyance	251,053	138,000
Interest expense	28,848	30,070
Staff training	3,450	5,000
Traveling expense	26,800	12,200
Business promotion expense	76,528	76,528
Books & newspaper	9,495	7,180
Holiday working bill	17,250	103,358
Domain and hosting charge	8,000	8,000
Professional fee	55,556	55,556
IPO expense	15,000	48,000
	20,504,219	19,876,102

28.00 Provision for diminution in value of investments

Particulars	Amount in BDT	
	2019	2018
	7,000,000	500,000

29.00 Provision for margin loan

Particulars	Amount in BDT	
	2019	2018
	15,000,000	2,500,000

30.00 Income tax expenses

Particulars	Amount in BDT	
	2019	2018
Current tax expense (Note-30.01)	13,212,994	20,537,777
Deferred tax (Note-30.02)	(14,837)	(23,208)
	13,198,157	20,514,569

30.01 Current tax

Particulars	Amount in BDT	
	2019	2018
	13,212,994	20,537,777
	13,212,994	20,537,777

30.02 Deferred tax expense/(income)

Particulars	Amount in BDT	
	2019	2018
	(14,837)	(23,208)
	(14,837)	(23,208)

31.00 Earnings per share

Particulars	Amount in BDT	
	2019	2018
Net profit after tax	4,003,271	39,243,038
Number of ordinary shares outstanding	3,398,890	3,398,890
	1.18	11.55

31.00 Earnings per share

Particulars	Amount in BDT	
	2019	2018
Net profit after tax	4,003,271	39,243,038
Number of ordinary shares outstanding	3,398,890	3,398,890
	1.18	11.55

32.00 Net operating cash flows per share (NOCFPS)

Particulars	Amount in BDT	
	2019	2018
Net operating cash flows	24,902,945	44,435,388
Number of shares	3,398,890	3,398,890
	7.33	13.07

34.00 Events after the balance sheet date

Subsequent to the reporting date, the Board of Directors recommended 5% stock dividend.

Schedule of Property, Plant & Equipment

MTB Capital Ltd.
Schedule of Property, Plant & Equipment
As at 31 December 2019

Particulars	Cost		Depreciation		Disposal		Accumulated		Written down	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Land and buildings	1,267,294	1,267,294	-	-	366,331	97,116	-	366,331	904,963	970,178
Plant & Furniture	94,290	94,290	683,462	805,767	5,557,498	5,557,498	6,848,750	6,848,750	6,848,750	6,848,750