

Statement of Cash Flows

MTB Capital Ltd. Statement of Cash Flows For the year ended 31 December 2019			
Particulars	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)	(42,777,250)	
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	

(Note: 32.00)

Chief Executive Officer

Chairman

Notes to the Financial Statements

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 obtained registration certificate No. MB-55/2010 under the Bangladesh Securities and Exchange Commission Act, 1993 on December 06, 2010 as a full fledged merchant bank and obtained registration No. C-80040 from the Registrar of Joint Stock Companies and Firms (RJSC), Dhaka, Bangladesh on October 08, 2009 under the Companies Act, 1994. The company has commenced its operation on April 18, 2011.

The registered office of the company is situated at 111 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000, Bangladesh.

2.00

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.

3.00

Significant accounting policies

3.01

Basic of preparation of financial statements

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, 1984 and other laws and rules applicable in Bangladesh.

3.02

Statement of cash flows

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

3.03

Property, plant and equipment

3.03.1

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 conditioned necessary for it to be capable of operating in the intended manner.

3.03.2

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
Furniture & fixture	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.

3.04

Revenue recognition

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

3.04.1

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.

3.04.2

Dividend income

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

3.04.3

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.

3.04.4

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.

3.05

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.

3.06

Investment in securities

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

3.07

Reporting in the period

These financial statements cover one year from 1st January 2019 to 31 December 2019.

3.08

General

i) Comparative information has 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 in 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.

MTB Capital Ltd. Statement of Cash Flows For the year ended 31 December 2019			
Particulars	2019	2018	
4.00 Property, plant & equipment			
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	
Total	8,398,812	7,715,350	
Written down value (Detail is shown in Annexure - A)	4,300,077	4,889,249	
5.00 Investment in securities			
Investment in securities represent the cost price of securities which have been invested by the company in the capital market.			
Quoted shares (Annexure-B)	165,060,175	156,745,140	
Unquoted shares	-	-	
Total	165,060,175	156,745,140	
6.00 Margin loans to clients			
Margin loan to investors - Non- Discretionary Account (NDA)	237,178,479	212,736,206	
Margin loan to investors - Discretionary Account (DA)	3,935,522	2,473,667	
Total	241,114,007	215,209,873	
7.00 Accounts receivable			
Underwriting commission	1,538,818	1,288,818	
Issue management fees	7,117,556	7,035,881	
Trustee fees	800,000	500,000	
Dividend receivable	3,386,334	3,102,314	
Management fees	62,871	62,871	
Receivable from brokers	4,235,422	7,494,092	
Rental income	37,500	37,500	
Cheque in transit	295,000	295,000	
IPOs	563,035	2,398,435	
Total	17,441,697	22,504,713	
8.00 Advance and prepayments			
Advance income tax (Note: 8.01)	40,116,584	29,677,469	
Advance to employees (Note: 8.02)	1,150,195	1,516,867	
Total	41,266,779	31,194,336	
8.01 Advance income tax			
Opening balance	29,677,469	24,745,302	
Addition during the year	10,439,115	21,250,374	
Adjustment during the year	(40,116,584)	(29,677,469)	
Total	40,116,584	29,677,469	
8.02 Advance to employees			
Advance to employee car	1,150,195	1,516,867	
Total	1,150,195	1,516,867	
9.00 Cash & cash equivalents			
This is made up as under:			
Cash in hand	20,965	3,316	
Cash at Bank (Mutual Trust Bank)			
MTB-0012-0210010572 (CD)	678	678	
MTB Tower 0087-0210000208 (Own Portfolio)	760,173	1,155,280	
MTB Tower 0087-0320000045 (SND)	969,575	2,202,513	
MTB Tower 0087-0320000054 (IPO)	22,103	23,508	
MTB Tower 0087-0320000214 (NDA)	1,779,969	6,484,065	
MTB Tower 0087-0320000205 (DA)	2,567,315	5,311,850	
MTB Tower 0087-0320000223 (GA)	3,020,411	2,972,512	
Total	8,720,224	18,150,411	
Cash and cash equivalents	8,741,189	18,153,727	

MTB Capital Ltd. Statement of Cash Flows For the year ended 31 December 2019			
Particulars	2019	2018	
10.00 Share capital			
Authorized capital	500,000,000	500,000,000	
50,00,000 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			
Shareholding position:			
Particulars	No. of shares	Amount	Percentage
Mutual Trust Bank Limited	339,875,500	33,987,550	99.996%
Mr. Md. Hedayatullah	135	13,500	0.004%
Total	3,398,890	339,889,000	100%
11.00 Retained earnings			
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	
12.00 Deferred tax liability			
Opening balance	156,372	179,580	
Deferred tax during the year (Note-30.02)	(14,837)	(23,208)	
Total	141,535	156,372	
13.00 Accounts payable			
LeadSoft BD Ltd.	414,556	414,556	
Audit fees payable	55,000	55,000	
Payable to brokers	41,50,946	8,376,827	
Client deposits	5,093,288	10,678,182	
VAT payable	1,111,143	1,111,510	
Source tax payable	5,300	21,875	
Total	10,850,432	20,657,950	
14.00 Provision for expenses			
Incentive bonus:			
Opening balance	1,530,500	1,162,681	
Paid during the year	(919,200)	(926,831)	
Addition during the year	754,200	1,294,650	
Closing balance	1,365,500	1,530,500	
15.00 Provision for diminution in value of investments			
Opening balance	13,000,000	12,500,000	
Addition during the year (Note-28.00)	7,000,000	500,000	
Total	20,000,000	13,000,000	
16.00 Provision for margin loan			
Opening balance	15,000,000	12,500,000	
Addition during the year (Note-29.00)	15,000,000	2,500,000	
Total	30,000,000	15,000,000	
17.00 Provision for current tax			
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	(40,116,584)	(29,677,469)	
Total	51,717,778	38,504,784	
18.00 Net Assets Value (NAV) per share			
Restated			
Net Assets (18.01)	363,848,678	359,845,407	
Number of ordinary shares outstanding	3,398,890	3,398,890	
Total	107	106	
18.01 Net Assets			
Total Assets	477,923,923	448,695,013	
Less: Non-current Liabilities	141,535	156,372	
Less: Current Liabilities	113,933,710	88,693,234	
Total	363,848,678	359,845,407	

Notes to the Financial Statements

		Amount in BDT	
		2019	2018
19.00	Interest income		
	Interest on margin loan - Non- Discretionary Account (NDA)	33,325,056	31,338,207
	Interest on margin loan - Discretionary Account (DA)	139,568	13,319
	Interest on bank accounts	6,041	1,367,590
		<u>33,470,666</u>	<u>32,719,525</u>
20.00	Income from investment		
	Dividend income	3,495,979	3,638,355
	Capital gain on sale of securities	5,708,927	19,605,329
		<u>9,204,906</u>	<u>23,333,684</u>
21.00	Underwriting commission		
	Zaheen Spinning Limited	-	1,288,818
	Silco Pharmaceutical Ltd.	157,500	-
	Ring Shine Textiles Ltd.	131,250	-
	Coppertech Ind. Ltd.	250,000	-
	Bashundhara Paper Mills Ltd.	-	250,000
		<u>538,750</u>	<u>1,538,818</u>
22.00	Issue management fees		
	Zaheen Spinning Limited	-	500,000
	Krishnibid Feed Ltd.	800,000	700,000
	Mutual Trust Bank Ltd.	3,390,937	1,000,000
	Uniflow Infoway Ltd.	-	971,750
	Gardena Wears Limited	2,000,000	2,800,000
	Coppertech Industries Limited	1,100,000	2,500,000
	Nialco Alloys Limited	-	-
	Strategic Finance Ltd.	150,000	-
	Alliance Capital Asset Management Ltd.	100,000	-
	Classic Folds Ltd.	300,000	-
	R.A. Spinning Mills Ltd.	200,000	-
		<u>7,980,937</u>	<u>8,471,750</u>
23.00	Settlement fees & documentation charges		
	Settlement fee	1,463,606	2,968,690
	Documentation charge	22,000	208,329
		<u>1,485,606</u>	<u>2,990,690</u>
24.00	Portfolio management fees		
	Non-discretionary account	4,058,698	10,996,704
	Discretionary account	270,477	443,178
		<u>4,329,175</u>	<u>11,439,882</u>
25.00	Trustee fees		
		<u>1,150,000</u>	<u>1,250,000</u>
		<u>1,150,000</u>	<u>1,250,000</u>
26.00	Other operating income		
	IPO charges	10,340	12,910
	Annual BO account charge	163,350	144,450
	Share transmission fees	138,114	-
	Dematerialisation fees	502,234	-
	Rental income	732,000	732,000
		<u>1,546,038</u>	<u>889,360</u>
27.00	Office & administrative expenses		
	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	284,825
	Car expense	901,182	911,438
	CDBL charge	483,305	294,145
	Entertainment	627,682	610,398
	Cleaning service charge	405,900	349,805
	Fee & registration	199,540	261,565
	Bank charges	80,481	124,037
	Conveyance	251,053	138,063
	Internet expense	28,488	30,070
	Staff training	3,450	5,000
	Travelling expense	26,800	12,200
	Business promotion expense	-	76,528
	Books & newspaper	9,495	7,180
	Holiday working bill	17,250	10,350
	Domain and hosting charge	8,000	8,000
	Professional fee	55,556	55,556
	IPO expense	15,000	48,000
		<u>20,504,219</u>	<u>19,876,102</u>
28.00	Provision for diminution in value of investments	<u>7,000,000</u>	<u>500,000</u>
	This provision is made as per BSEC guideline and to reduce the risk of investment.		
29.00	Provision for margin loan	<u>15,000,000</u>	<u>2,500,000</u>
	This provision is made as per BSEC guideline and to reduce the risk of investment.		
30.00	Income tax expenses		
	Current tax (Note-30.01)	13,129,994	20,537,777
	Deferred tax (Note-30.02)	(14,837)	(23,208)
		<u>13,198,157</u>	<u>20,514,569</u>
	Income tax expenses is calculated as per guideline of Income Tax Ordinance and Rules.		
30.01	Current tax	<u>13,129,994</u>	<u>20,537,777</u>
	(Details is shown in Annexure-C)	<u>13,129,994</u>	<u>20,537,777</u>
		Amount in BDT	
		2019	2018
30.02	Deferred tax expense(Income)	<u>(14,837)</u>	<u>(23,208)</u>
	(Detail is shown in Annexure - D)	<u>(14,837)</u>	<u>(23,208)</u>
31.00	Earnings per share		Restated
	Net profit after tax	4,003,271	39,243,038
	Number of ordinary shares outstanding	3,398,890	3,398,890
31.00	Earnings per share		Restated
	Net profit after tax	4,003,271	39,243,038
	Number of ordinary shares outstanding	3,398,890	3,398,890
	Earnings per share	<u>1.18</u>	<u>11.55</u>
32.00	Net operating cash flows per share (NOCFPS)		Restated
	Net operating cash flows	24,902,945	44,435,388
	Number of shares	3,398,890	3,398,890
		<u>7.33</u>	<u>13.07</u>